



Virginia Risk Sharing Association and Subsidiaries Comprehensive Annual Financial Report

Glen Allen, Virginia

For the Fiscal Years Ended June 30, 2019 and 2018



Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2019 and 2018

Prepared By:

Virginia Risk Sharing Association
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Virginia Risk Sharing Association and Subsidiaries

For the Fiscal Years Ended June 30, 2019 and 2018

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INTRODUCTORY SECTION

For the period July 1, 2018 – June 30, 2019

- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting
- Members' Supervisory Board
- Pool Membership
- Staff Listing
- Staff Organization Charts

November 11, 2019

Members' Supervisory Board
Virginia Risk Sharing Association
P. O. Box 3239
Glen Allen, VA 23058

Ladies and Gentlemen:

Bureau of Insurance regulations require that all public entity group self-insurance pools in Virginia, file with the Bureau a complete set of audited financial statements within six months of the close of each fiscal year. This Comprehensive Annual Financial Report (CAFR) for Virginia Risk Sharing Association (the Pool) fulfills that requirement for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Keiter, Certified Public Accountants, have issued an unmodified ("clean") opinion on Virginia Risk Sharing Association and Subsidiaries' consolidated financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

As required by GAAP, the MD&A provides a narrative introduction, overview and analysis to accompany the basic consolidated financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected financial and statistical data, generally presented on a multi-year basis.

Organization and Profile

The Pool is an unincorporated association formed for the purpose of administering risk management programs in accordance with laws of the Commonwealth of Virginia. On March 14, 2019, the Members Supervisory Board voted to change the name of the organization from VML Insurance Programs to Virginia Risk Sharing Association effective July 1, 2019. The Board feels the new name better reflects the Pool's breadth of membership and emphasizes the collaborative nature of public entity risk pooling versus the traditional insurance market. For all practical purposes, the Pool began using the new name upon passage of the resolution.

The Pool is considered a public entity risk pool for operational purposes. A public entity risk pool is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk. The Pool's membership consists primarily of small to medium size cities, towns, counties, school systems and other governmental authorities in Virginia. Larger jurisdictions in Virginia and elsewhere tend to be individually self-insured. Pooling allows smaller localities to reap the benefits from self-insurance that larger localities receive. Those benefits include increased availability and affordability of coverages, as well as overall improvement in risk management.

The Pool is governed by a nine person Members' Supervisory Board that is comprised of eight elected or appointed officials from member jurisdictions and the executive director of Virginia Municipal League. Board members are elected by the membership for three-year terms and may serve multiple terms. The Board elects a Chairman and Vice-Chairman who serve one-year terms. The day-to-day operations of the Pool are overseen by the Managing Director, who is the chief administrative officer and is responsible for the administrative implementation of policies stated in the Member Agreement and By-Laws as well as any policies established by the Board.

A detailed annual budget is prepared prior to each fiscal year and submitted to the Board for review and approval. The Pool operates on a fiscal year that begins July 1 and ends on June 30. Pool management is responsible for staying within budget and must advise the Board of any unusual or extraordinary items as they arise. Detailed reports comparing budget to actual are provided to the Board on a quarterly basis.

Economic Outlook

The Pool's economic outlook is tied to three factors: the economic condition of our members, the reinsurance market and the financial market. The last decade has been tough for local governments from a financial standpoint. Local government budgets have been constrained for several years due in part to public anti-tax fervor as well as unfunded mandates from both the state and federal governments.

Despite this tough economic climate, the Pool has maintained stable membership and achieved positive financial results. The Pool has introduced new coverages and added additional services for the benefit of its members while keeping rates stable or in many instances lowering them. The Pool has long considered stability of pricing and superior service to members as critical to its on-going success. For these reasons, members have remained loyal to the Pool during the economic slump.

The Pool does not expect the budgetary climate for members to improve significantly over the next few years; however, we also do not expect it to deteriorate significantly either. The Pool remains committed to keeping rates stable as long as possible. There are many factors that can affect the Pool's ability to maintain stable rates, the most significant of which is member loss experience. Losses are highly variable, and the Pool has enjoyed favorable loss results for several years. While some increase in losses is generally expected in any given year, the pace and severity of the increases could impact the Pool's rates in the future.

The second element of the Pool's economic outlook is the reinsurance market. The reinsurance market for workers compensation and excess liability has been fairly stable for the last few years. Rates have been affordable and stable during that time and coverages have been sufficient for our needs. While we expect some hardening of the market in the future, we do not see rates rising dramatically or expect any coverage shortages in the near term.

The property reinsurance market has become increasingly catastrophe driven. Recent events such as Hurricanes Michael in 2018 and Dorian in 2019 as well as other natural disasters affect property reinsurance globally not just the areas where they occur. As such property reinsurance rates have risen at a faster pace than for other lines of coverage. This has been exacerbated by recent loss experience in the Pool. The Pool expects rates for property reinsurance to continue to climb for the next few years. Again, the increase should not be enough to cause coverage availability problems.

In addition to reinsurance placed through the traditional market, the Pool created Virginia Interlocal Risk Sharing Association RE, LLC (VIRSA RE), a captive reinsurance company, effective July 1, 2018. VIRSA RE is a single member LLC for tax purposes utilizing the core/cell captive structure. The benefits to creating a captive include: establishing a formal mechanism to set aside funds to manage losses in certain layers of risk; retain a portion of risk in an historically profitable layer; and addressing unique coverage needs not readily available in the commercial market.

Currently the Pool utilizes the captive for a portion of the workers compensation, auto liability, general liability, public official's liability and law enforcement liability reinsurance. The Pool may expand both the amounts of reinsurance and lines of coverage placed through the captive in the future. As a wholly owned subsidiary of the Pool, VIRSA RE's financial results are consolidated in the Pool's CAFR.

The final element affecting the Pool's financial condition is the financial market, specifically the bond market. The Pool maintains a substantial investment portfolio which represents claim reserves that will be paid out over a number of years. The majority of this portfolio is in fixed interest rate securities. Interest rates have been at historically low levels for several years. Low rates hinder the Pool's ability to offset underwriting losses with interest income. Fortunately, the Pool has had relatively good underwriting results over the last few years and has not had to rely on interest income to supplement revenues. Over time however low interest rates could lead to the Pool relying more heavily on underwriting revenues which could put upward pressure on underwriting rates.

In addition, because the Pool reports its investments at market value in the audited consolidated financial statements, low interest rates pose an additional risk in the event that rates rise. As rates go up the value of fixed income securities held in a portfolio typically go down. While such movements tend to be cyclical, they can impact the Pool's consolidated financial statements on a year to year basis. The Pool maintains a relatively short average duration in its portfolio to help mitigate this risk. Securities with longer durations are more sensitive to interest rate fluctuations. The Pool has experienced both increases and decreases in the fair market value adjustment of its securities over the years. All of the adjustments have been within the Pool's tolerance and have not adversely affected the Pool's consolidated financial statements. The Pool expects interest rates to

rise in the future but does not expect the resultant losses in fair market value to significantly impact the Pool.

Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to VML Insurance Programs for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of only one year. However, the Pool believes that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we will submit it to the GFOA for consideration of the award for this year as well.

The completion of the CAFR would not have been possible without the Pool's knowledgeable and dedicated team of professionals. A special note of gratitude goes to the Pool's personnel who assisted in this effort.

Sincerely,



P. Steven Craig
Managing Director
Virginia Risk Sharing Association



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**VML Insurance Programs
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Virginia Risk Sharing Association Members Supervisory Board 2018-19

Chair

Rhu Harris
County Administrator
Hanover County
7516 County Complex Road
Hanover, VA 23069
rharris@co.hanover.va.us
(term expires 2021)

Michelle Gowdy
Executive Director
Virginia Municipal League
P.O. Box 12164
Richmond, VA 23241
mgowdy@vml.org
(ex-officio)

Brian Thrower
City Manager
City of Emporia
P.O. Box 511
Emporia, VA 23847
bthrower@ci.emporia.va.us
(term expires 2020)

R. Clarke Wallcraft
Executive Director
Pepper's Ferry RWTA
P.O. Box 2950
Radford, VA 24143
cwallcraft@jetbroadband.com
(term expires 2020)

Jennifer Parrish
Superintendent
Poquoson City Public Schools
500 City Hall Avenue
Poquoson, VA 23662
Jennifer.parrish@poquoson.k12.va.us
(term expires 2022)

Vice Chair

Melinda Conner
County Administrator
Mathews County
P.O. Box 839
Mathews, VA 23109
mmoran@co.mathews.va.us
(term expires 2022)

Karen Pallansch
Chief Executive Officer
Alexandria Renew Enterprises
1500 Eisenhower Avenue
Alexandria, VA 22314
karen.pallansch@alexrenew.com
(term expires 2021)

Josh Farrar
Town Manager
Town of Ashland
P.O. Box 1600
Ashland, VA 23005
jfarrar@ashlandva.gov
(term expires 2021)

Darlene Burcham
Town Manager
Town of Clifton Forge
547 Main Street
Clifton Forge, VA 24422
dburcham@cliftonforgeva.gov
(term expires 2022)

2018 - 2019 VRSA MEMBERSHIP

Accomack County DSS
Accomack-Northampton PDC
Albemarle County Service Authority
Albemarle/Charlottesville Regional Jail Authority
Alberta, Town of
Alexandria ASAP
Alexandria City Schools
Alexandria Library
Alexandria Renew Enterprises
Alexandria Transit Company
Altavista, Town of
Amelia County DSS
Amherst, Town of
Appalachian Juvenile Commission
Appomattox Regional Governor's School
Appomattox River Water Authority
Appomattox, Town of
Ashland, Town of
Augusta County Landfill Trust
Augusta County Service Authority
Bath County Department of Social Services
Bath County Service Authority
Bedford Regional Water Authority
Bedford, Town of
Berryville, Town of
Blacksburg VPI Sanitation Authority
Blacksburg, Town of
Blackstone, Town of
Bloxom, Town of
Blue Ridge Crossroads EDA
Blue Ridge Juvenile Detention Commission
Blue Ridge Regional Library
Boones Mill, Town of
Botetourt County DSS
Bowling Green, Town of
Boyce, Town of
Boydton, Town of
Boykins, Town of
Branchville, Town of
Bridgewater Industrial Development Authority
Bridgewater, Town of
Broadway, Town of
Brodnax, Town of
Brookneal, Town of
Buchanan, Town of
Buena Vista, City of
Bull Run ASAP
Burkeville, Town of
Campbell County DSS
Campbell County IDA
Campbell County Utilities & Services Authority

Cape Charles, Town of
Capital Area ASAP
Cardinal Criminal Justice Academy
Carroll County DSS
Cedar Bluff, Town of
Central Rappahannock Regional Library
Central Shenandoah Criminal Justice Training Academy
Central Shenandoah PDC
Central Virginia ASAP
Central Virginia Criminal Justice Academy
Central Virginia Partnership for Economic Development
Central Virginia Transit Management Company
Central Virginia Waste Management Authority
Charlotte Court House, Town of
Charlottesville City Schools
Charlottesville Redevelopment & Housing Authority
Charlottesville, City of
Charlottesville-Albemarle Airport Authority
Charlottesville-Albemarle Convention & Visitors Bureau
Charlottesville-Albemarle Technical Center
Chase City, Town of
Chatham, Town of
Cheriton, Town of
Chesapeake Airport Authority
Chesapeake Bay Bridge & Tunnel District
Chesapeake City Schools
Chesapeake Redevelopment & Housing Authority
Chilhowie, Town of
Chincoteague Recreation and Convention Center Authority
Chincoteague, Town of
Claremont, Town of
Clarke County DSS
Clarksville, Town of
Cleveland, Town of
Clifton Forge, Town of
Clifton, Town of
Clintwood, Town of
CodeRVA
Coeburn, Town of
Colonial Beach Public Schools
Colonial Beach Redevelopment and Housing Authority
Colonial Beach, Town of
Colonial Behavioral Health
Colonial Group Home Commission
Colonial Heights, City of
Commonwealth Governor's School
Commonwealth Regional Council
Community Action Partnership of Staunton, Augusta & Waynesboro
Court Community Corrections ASAP
Court Community Corrections DCJS
Court Community Corrections Drug Court

2018 - 2019 VRSA MEMBERSHIP, continued

Covington, City of
Craig-New Castle PSA
Craigsville, Town of
Crater Criminal Justice Training Academy
Crater PDC
Crewe, Town of
Crossroads IFA c/o Joint IDA of Wythe County
Culpeper County Schools
Cumberland County DSS
Cumberland Plateau PDC
Cumberland Plateau Reg. Housing Auth.
Damascus, Town of
Dan River ASAP
Danville City Schools
Danville Redevelopment & Housing Authority
Danville, City of
Danville-Pittsylvania Regional IFA
Dayton, Town of
Dendron, Town of
Dickenson County PSA
Dillwyn, Town of
Dinwiddie County Water Authority
District Nine ASAP
Drakes Branch, Town of
Dublin, Town of
Duffield, Town of
Dumfries, Town of
Dungannon, Town of
Eastern Shore Public Library
Eastville, Town of
EDA of the City of Winchester
Edinburg, Town of
Elkton, Town of
Emporia, City of
Essex County DSS
Exmore, Town of
Fairfax County Water Authority
Fairfax, City of
Falls Church City Schools
Falls Church, City of
Farmville, Town of
Fincastle, Town of
Floyd, Town of
Floyd-Floyd County PSA
Franklin County DSS
Franklin, City of
Fredericksburg City DSS
Fredericksburg EDA
Fredericksburg, City of
Frederick-Winchester Service Authority
Fries, Town of

Front Royal, Town of
Galax, City of
Galax-Carroll Regional Library
Galax-Grayson EMS
Gate City, Town of
Glade Spring, Town of
Glen Lyn, Town of
Gloucester County
Gloucester County DSS
Gloucester County Schools
Goochland County DSS
Gordonsville, Town of
Goshen, Town of
Grayson County DSS
Greater Richmond Convention Center Authority
Greater Roanoke Transit Company d/b/a Valley Metro
Greensville & Emporia DSS
Gretna, Town Of
Grottoes, Town of
Grundy IDA
Grundy, Town of
Halifax County
Halifax County DSS
Halifax County IDA
Halifax County Service Authority
Halifax County Tourism Board
Halifax, Town of
Hallwood, Town of
Hamilton, Town of
Hampton Redevelopment & Housing Authority
Hampton Roads Criminal Justice Training Academy
Hampton Roads PDC
Hampton Roads Regional Jail Authority
Hampton Roads Transportation Accountability Commission
Handley Regional Library
Hanover County
Hanover County DSS
Hanover County EDA
Hanover County Schools
Harrisonburg Electric Commission
Harrisonburg Rockingham ECC
Harrisonburg Rockingham Regional Sewer Authority
Harrisonburg Rockingham Social Services
Harrisonburg, City of
Haysi, Town of
Henry County PSA
Henry/Martinsville DSS
Herndon, Town of
Highland County DSS
Hillsville, Town of
Honaker, Town of

2018 - 2019 VRSA MEMBERSHIP, continued

Hopewell Redevelopment & Housing Authority

Hopewell, City of

Hurt, Town of

Independence, Town of

Iron Gate, Town of

Irvington, Town of

Ivor, Town of

James River ASAP

Jarratt, Town of

John Tyler ASAP

Joint PSA of Wythe & Bland Counties

Keller, Town of

Kenbridge, Town of

Keysville, Town of

Kilmarnock, Town of

King & Queen County DSS

Lake Barcroft Watershed Improvement District

Lancaster County DSS

Lawrenceville, Town of

Lebanon, Town of

Lee County DSS

Lee County Redevelopment & Housing Authority

Leesburg, Town of

Lewistown Commerce Center CDA

Lexington & Rockbridge Area Tourism

Lexington, City of

Lonesome Pine Regional Library

Loudoun County Sanitation Authority

Louisa County Water Authority

Louisa, Town of

Lovettsville, Town of

Luray, Town of

Luray-Page County Airport Authority

Lynchburg Redevelopment & Housing Authority

Lynchburg, City of

Madison County DSS

Madison, Town of

Manassas Park, City of and Manassas Park City Schools

Manassas, City of

Marion, Town of

Martinsville City Schools

Mathews County

Mathews County DSS

Maury Service Authority

McKenney, Town of

Meherrin Regional Library

Middle Peninsula Juvenile Detention Commission

Middle Peninsula Regional Airport Authority

Middleburg, Town of

Middlesex County EDA

Middlesex Water Authority

Middletown, Town of

Mineral, Town of

Monterey, Town of

Montgomery County EDA

Montgomery Regional Solid Waste Authority

Montross, Town of

Mount Crawford, Town of

Mount Jackson, Town of

Mount Rogers PDC

Narrows, Town of

Nassawadox, Town of

Nelson County Service Authority

New Castle, Town of

New Horizons Regional Education Center

New Kent County

New Market, Town of

New River Criminal Justice Training Academy

New River Resource Authority

New River Valley Emergency Communications Auth.

New River Valley Juvenile Detention Center

New River Valley Regional Commission

New River-Mt. Rogers Workforce Investment

Newport News City Schools

Newport News IDA/EDA

Newsoms, Town of

Nickselsville, Town of

Norfolk Redevelopment & Housing Authority

Northampton County Schools

Northern Neck Chesapeake Bay Public Access Authority

Northern Neck PDC

Northern Neck Regional Jail Authority

Northern Neck Regional Special Education Board

Northern Shenandoah Valley Regional Commission

Northern VA Criminal Justice Training Academy

Northern Virginia Cigarette Tax Board

Northern Virginia Juvenile Detention Center

Northern Virginia Regional Commission

Northern Virginia Regional Park Authority

Northern Virginia Transportation Authority

Northern Virginia Transportation Commission

Northumberland County DSS

Northwestern Regional Juvenile Detention Center

Norton, City of

Nottoway County

NRV Regional Water Authority

Occoquan, Town of

Old Dominion Transit Mgmt Co DBA GRTC Transit System

Onancock, Town Of

Onley, Town of

Orange, Town of

Painter, Town of

2018 - 2019 VRSA MEMBERSHIP, continued

Pamplin, Town of
Pamunkey Regional Library
Parksley, Town of
PAVAN
Pearisburg, Town of
Pembroke, Town of
Peninsula ASAP
Peninsula Town Center CDA
Pennington Gap, Town of
Pepper's Ferry Wastewater Authority
Petersburg Redevelopment & Housing Authority
Peumansend Creek Regional Jail Authority
Phenix, Town of
Piedmont ASAP
Piedmont CSB
Piedmont Regional Criminal Justice Training Academy
Piedmont Regional Jail Authority
Pocahontas, Town of
Poquoson City Schools
Poquoson, City of
Port Royal, Town of
Portsmouth Redevelopment & Housing Authority
Potomac & Rappahannock Transportation Commission
Powhatan County DSS
Prince George County Schools
Prince William County Schools
Prince William County Service Authority
Purcellville, Town of
Quantico, Town of
Radford City DSS
Radford City EDA
Radford, City of
Rappahannock Area CSB
Rappahannock County
Rappahannock County DSS
Rappahannock County Water & Sewer Authority
Rappahannock Juvenile Center
Rappahannock Regional Criminal Justice Academy
Rappahannock-Rapidan Regional Commission
Remington, Town of
Rich Creek, Town of
Richlands, Town of
Richmond Ambulance Authority
Richmond Behavioral Health Authority
Richmond Metropolitan Transportation Authority
Richmond Redevelopment & Housing Authority
Ridgeway, Town of
Riverside Regional Jail Authority
Roanoke City Schools
Roanoke Redevelopment and Housing Authority
Roanoke River Service Authority
Roanoke Valley Broadband Authority
Roanoke Valley Juvenile Detention Center
Roanoke Valley Resource Authority
Roanoke Valley-Alleghany Regional Commission
Roanoke, City of
Rockbridge Area DSS
Rockbridge Area Network Authority
Rockbridge Area Recreation Organization
Rockbridge Regional Library
Rockbridge Regional Public Safety Communications Center
Rockingham County Schools
Rocky Mount, Town of
Round Hill, Town of
Rowanty Vocational Technical Center
Rural Retreat, Town of
Russell County DSS
Salem City Schools
Salem, City of
Saltville, Town of
Saxis, Town of
Scottsburg, Town of
Scottsville, Town of
Sheltercare of Northern Virginia
Shenandoah County DSS
Shenandoah Valley Animal Services Center
Shenandoah Valley Juvenile Center Commission
Shenandoah, Town of
Shops at White Oak Village CDA
Skyline Regional Criminal Justice Academy
Smithfield, Town of
Smyth-Washington Regional IFA
So Centre Corridors Resource Conserv & Development
South Boston, Town of
South Central Wastewater Authority
South Hill, Town of
Southampton County DSS
Southeastern PSA
Southeastern Virginia ASAP
Southern Virginia Recreation Facilities Authority
Southside PDC
Southside Regional Juvenile Group Home
Southside Virginia ASAP
Southwest Virginia Criminal Justice Training Acad
Southwest Virginia Regional Jail Authority
Southwest Virginia Regional Recreation Authority
Southwestern VA Transit Management Company
Spotsylvania County Public Schools
St. Charles Water & Sewer Authority
St. Paul IDA
St. Paul, Town of
Stafford County Schools

2018 - 2019 VRSA MEMBERSHIP, continued

Stanley, Town of
Staunton City Schools
Staunton, City of
Stephens City, Town of
Stony Creek, Town of
Strasburg, Town of
Stuart, Town of
Suffolk City Schools
Suffolk Redevelopment & Housing Authority
Suffolk, City of
Sussex Service Authority
Tangier, Town of
Tappahannock, Town of
Tazewell County Airport Authority
Tazewell County DSS
Tazewell, Town Of
The Governor's School at Innovation Park
The Governor's School For the Arts
The Governor's School of Southside Virginia
The Plains, Town of
Thomas Jefferson PDC
Tidewater Youth Services Commission
Timberville, Town Of
Toms Brook, Town of
Transportation District Comm of Hampton Roads
Tri River ASAP
Troutville, Town of
Twin County E911 Regional Commission
Upper Occoquan Service Authority
Urbanna, Town of
Vaco VML Pooled OPEB Trust
Valley CSB
Victoria, Town of
Vienna, Town of
Vint Hill EDA
Vinton, Town of
Virginia Beach City Schools
Virginia Energy Purchasing Governmental Assoc
Virginia Highlands Airport Authority
Virginia Investment Pool Trust Fund
Virginia Municipal Electric Association
Virginia Tech-Montgomery Exec Airport Authority
Wachapreague, Town of
Warm Springs Sanitation Commission
Warsaw, Town of
Washington County DSS
Washington County Service Authority
Washington, Town of
Watkins Centre CDA
Waverly, Town of
Waynesboro Public Schools

Waynesboro, City of
West Point, Town of
Western Tidewater CSB
Western Tidewater Regional Jail Authority
Western Tidewater Water Authority
Western Virginia Regional IFA
Western Virginia Water Authority
Westmoreland County
White Stone, Town of
Williamsburg EDA
Williamsburg Redevelopment & Housing Authority
Williamsburg Regional Library
Williamsburg, City of
Winchester, City of
Windsor, Town of
Wired Road Authority
Wise, Town of
Woodstock, Town of
Wytheville, Town of
York County
York County Schools
York-Poquoson Social Services

**Virginia Risk Sharing Association
Staff Listing 2018-2019**

Administration

Steve Craig Managing Director

Communications

Hollie Cammarasana Director of Communications
Jackie Stauffer Administrative Specialist

Finance

Jeff Nickey Deputy Managing Director
Lisa Davis Controller
Lisa Moore Accounting Assistant

Human Resources

Tina Stevens Director of Human Resources

Information Services

Mary Kay Marchetti Director of Information Services
Shanice Cole Business Analyst
Judy Huang Sr Software Engineer
Kari Soniat Sr Data Analyst

Member Services

Marcus Hensel Director of Member Services
Harry McMillen Account Specialist
Lisa Schenk Sr. Account Executive
Nora Pierre Account Executive
Karen Wall Administrative Specialist

Risk Services

Thomas Bullock Director, Training & Education
Fonda Craig Sr. Safety Consultant
Pete Strickler Sr. Safety Consultant
Eddie Shelton Safety Consultant
Gary Dillon Public Safety Specialist

Underwriting

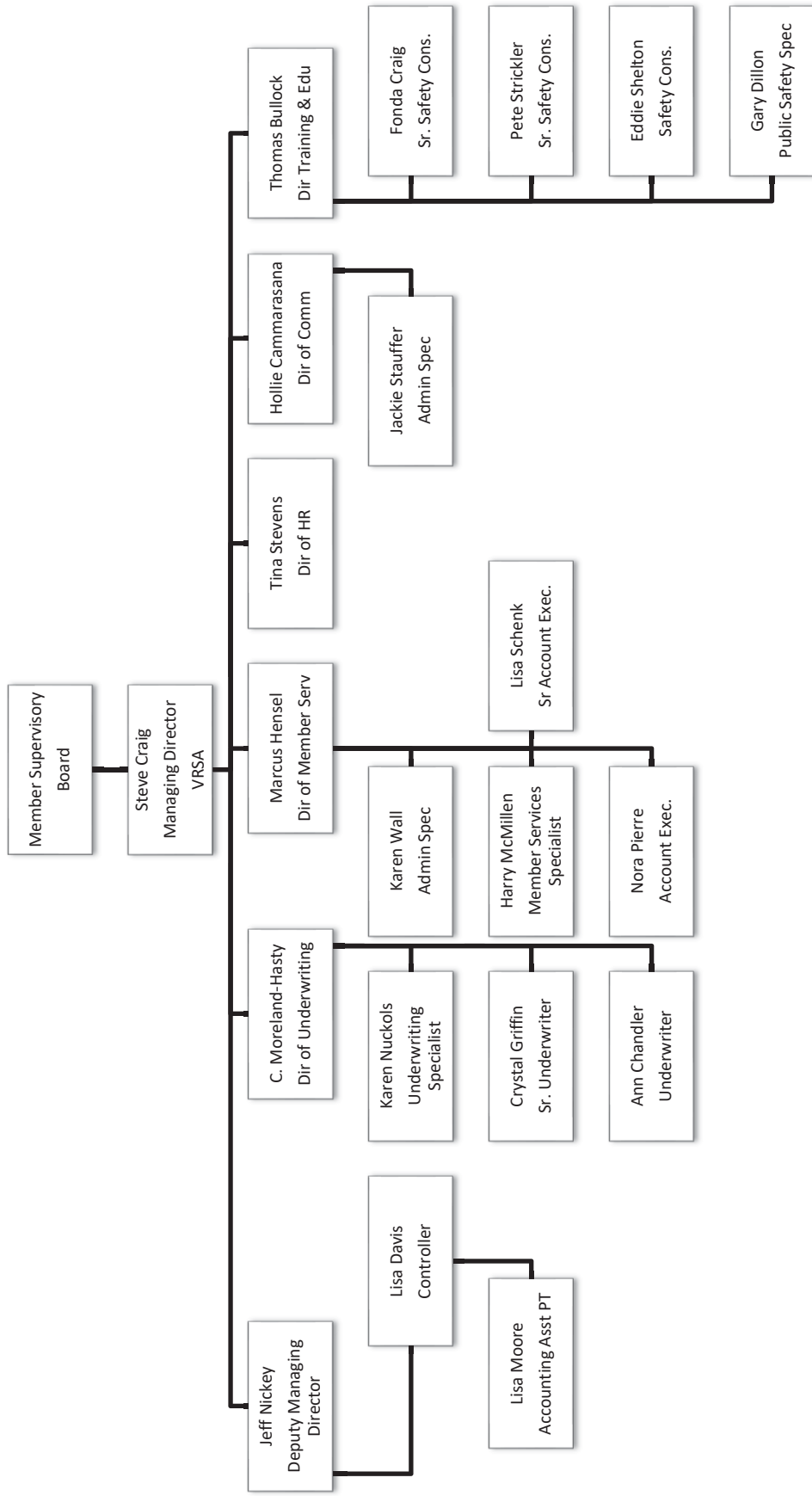
Cathie Moreland-Hasty Director of Underwriting
Ann Chandler Underwriter
Laura Fox Sr. Underwriter
Crystal Griffin Underwriter
Karen Nuckols Sr. Underwriter

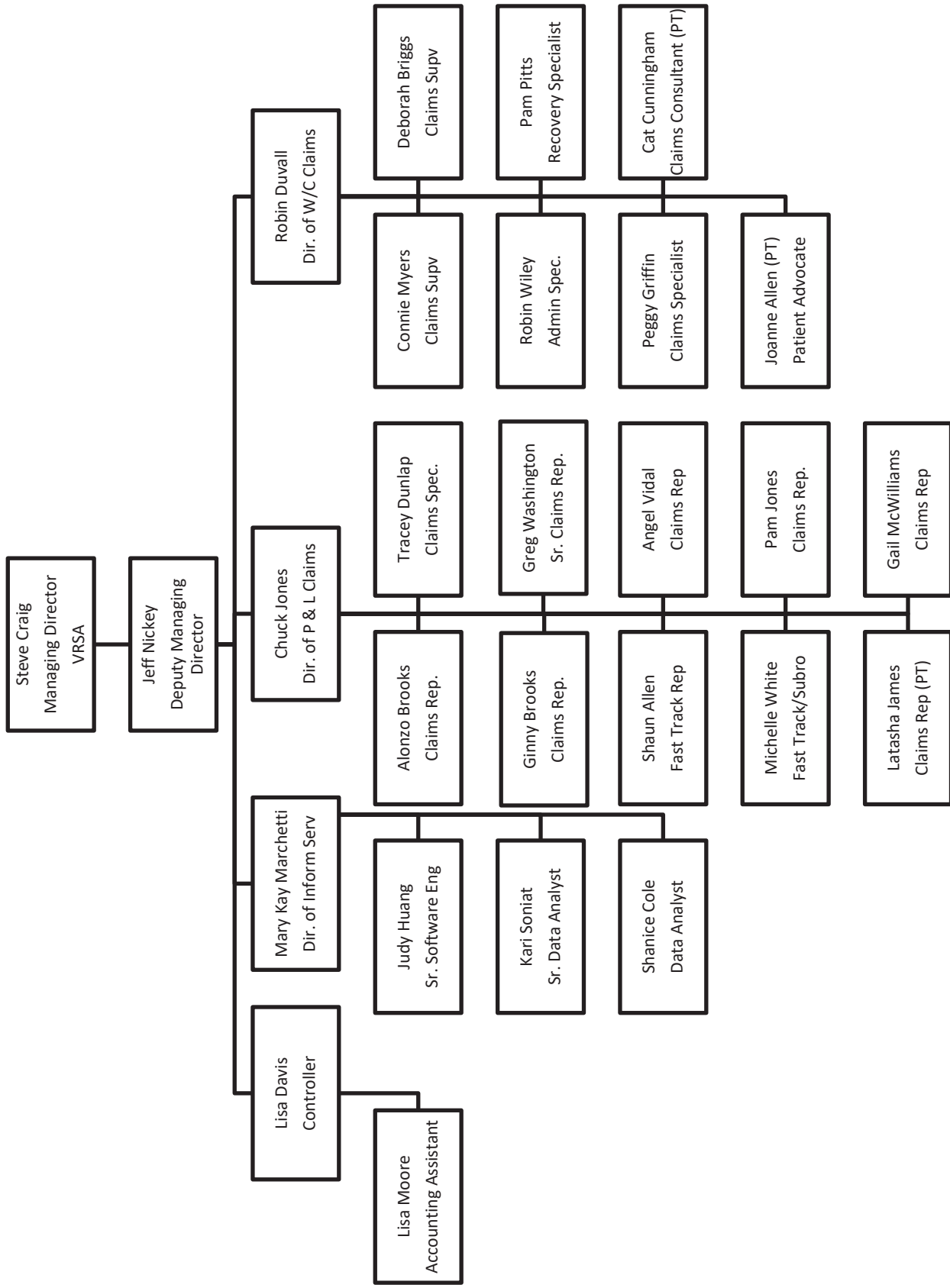
Property & Liability Claims

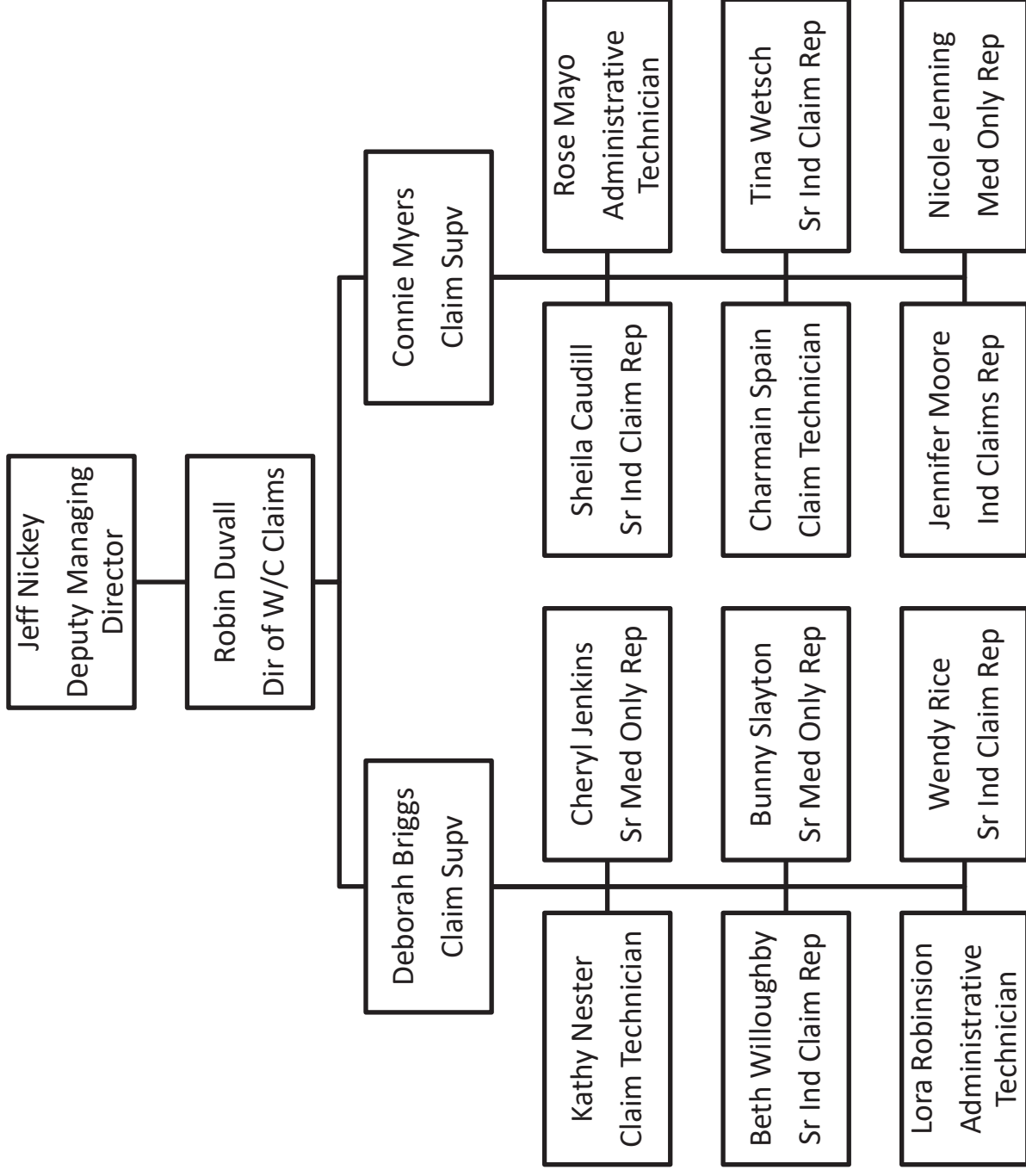
Chuck Jones Director of P & L Claims
Shauntrice Allen Fast Track Representative
Alonzo Brooks Claims Representative
Ginny Brooks Claims Representative
Tracey Dunlap Claims Specialist
Latasha James Claims Representative
Pam Jones Claims Representative
Gail McWilliams Claims Representative
Angel Vidal Claims Representative
Greg Washington Sr. Claims Representative
Michelle White Fast Track Claims Representative

Worker's Compensation Claims

Robin Duvall Director of WC Claims
Joanne Allen Patient Advocate
Deborah Briggs Claims Supervisor
Sheila Caudill Sr. TPA Claims Representative
Cat Cunningham Claims Consultant
Peggy Griffin Sr. Indemnity Claims Representative
Cheryl Jenkins Med Only Claims Representative
Nicole Jennings Claims Representative
Kathy Nester Claims Technician
Rose Mayo File Processor
Jennifer Moore Indemnity Claims Representative
Connie Myers Claims Supervisor
Pam Pitts Recovery Specialist
Lora Robinson Mail Processor
Bunny Slayton Sr. Med Only Claims Representative
Charmaine Spain Claims Technician
Wendy Rice Sr. Indemnity Claims Representative
Tina Wetsch Sr. Indemnity Claims Representative
Robin Wiley Administrative Specialist
Beth Willoughby Sr. Indemnity Claims Representative









FINANCIAL SECTION

For the period July 1, 2018 – June 30, 2019

- Report of Independent Auditors
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 - Ten-Year Claims Development Information
- Other Supplementary Information
 - Consolidated Schedule of Revenues and Expenses by Line of Coverage

REPORT OF INDEPENDENT AUDITORS

The Members' Supervisory Board
Virginia Risk Sharing Association
Glen Allen, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Virginia Risk Sharing Association and Subsidiaries ("the Pool"), which comprise the consolidated statements of net position as of June 30, 2019 and 2018, and the related consolidated statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Virginia Risk Sharing Association and Subsidiaries as of June 30, 2019 and 2018, and the changes in their net position and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, the liability for unpaid losses, net, by type of contract, and the ten-year claims development information on pages 25 through 31 and 49 through 52 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Pool's basic consolidated financial statements as a whole. The introductory sections, supplementary consolidated schedule of revenues and expenses by line of coverage, and statistical section are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements.

The supplementary consolidated schedule of revenues and expenses by line of coverage on page 53 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary consolidated schedule of revenues and expenses by line of coverage is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.


A handwritten signature in black ink, appearing to read "Keita", with a stylized, flowing script.

November 19, 2019
Glen Allen, Virginia

VIRGINIA RISK SHARING ASSOCIATION AND SUBSIDIARIES

Pursuant to Section 14VA5-360-60 of the Virginia Administrative Code, we hereby submit the accompanying financial statements and supplemental data of the Virginia Risk Sharing Association and subsidiaries.



Chair, Board of Directors

Administrator

Virginia Risk Sharing Association and Subsidiaries

Management's Discussion and Analysis

June 30, 2019 and 2018

ANNUAL FINANCIAL REPORT

This section of the Virginia Risk Sharing Association's and its subsidiaries, Virginia Local Government Risk Agency, LLC and Virginia Interlocal Risk Sharing Association RE, LLC, (the Pool) annual financial report presents a discussion and analysis of the Pool's financial performance during the fiscal years ended June 30, 2019 and 2018. Please read it in conjunction with your review of the Pool's financial statements.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2019

- For the year ended June 30, 2019 the change in net position was \$18,955,373 as compared to changes in net position of (\$5,447,772) in 2018 and \$1,069,034 in 2017. This brings total net position as of June 30, 2019 to \$121,374,060, which represents a 18.5% increase as compared to June 30, 2018. The decrease in net position from June 30, 2017 to June 30, 2018 was 5.1%.
- Operating revenues increased 2.5% or \$1,379,185 in 2019 following an increase of 1% or \$527,598 in 2018. Operating revenues are derived primarily from member contributions for insurance coverage, which are dependent on many factors including changes in the Pool's members, members' exposures, member loss experience, as well as underwriting rates. The Pool uses various member exposures to determine member contributions based on the type of member and the line of coverage. These exposures may include any of the following factors individually or in combination: net operating expenses, payrolls, payroll classifications, building values, number and type of automobiles, and school enrollment. The increase in 2019 and 2018 are attributable to changes in these factors.
- Operating expenses decreased 3% or \$1,831,699 in 2019 following an increase of 11.1% or \$6,091,034 in 2018. Operating expenses consists of provision for losses, reinsurance, program administration fees and other expenses. Provision for losses represents 64.4% of the Pool's operating expenses for 2019 and 66.1% of operating expenses for 2018. The provision for losses decreased \$2,244,189 in 2019 from 2018 attributable primarily to a decrease in the provision for insured events of prior years as detailed in Note F.
- Non-operating income increased by \$21,196,110 during 2019, following a decrease of \$952,771 in 2018. Non-operating income consists of investment income, net increase or decrease in fair value of investments and non-operating expenses. Investment income increased \$639,654 or 7.7% in 2019 and \$324,563 or 4.1% in 2018. The fair market value of investments increased \$20,556,456 to a gain of \$13,538,703 in 2019 from a loss of \$7,017,753 in 2018. The net increase or decrease in the fair market value of investments is dependent on many factors including the type of security, the maturity date, the credit worthiness of the issuer as well as changes in the general economy. The changes in fair market value of investments in both years were attributable to changes in these factors. Generally when interest rates rise the value of securities held in the portfolio drop.

Virginia Risk Sharing Association and Subsidiary

Management's Discussion and Analysis (Continued)

June 30, 2019 and 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *audited consolidated financial statements* consisting of consolidated statements of net position; consolidated statements of revenues, expenses, and changes in net position; consolidated statements of cash flows; and related footnotes, the *required supplementary information*, and *other supplementary information*.

Consolidated Statements of Net Position provide an indication of the Pool's financial health by reporting the difference between total assets and total liabilities and how they have changed from the prior year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Pool is improving or deteriorating.

Consolidated Statements of Revenues, Expenses and Changes in Net Position report all of the revenues and expenses during the time periods indicated as well as the change in net position during the year. The Pool reports information using the full accrual basis of accounting similar to that used by private-sector companies. This means all revenues and expenses, including estimated items, are recognized regardless of whether cash has been received or paid.

Consolidated Statements of Cash Flows report the cash provided and used by operating activities as well as other cash sources such as investment income. A major source of operating cash inflow was member contributions, while claims and claim adjustment expenses represented the main operating cash outflow.

Notes to Consolidated Financial Statements provide additional information and schedules that are essential to a complete understanding of the data provided in the consolidated financial statements.

Required supplementary information consists of the *Liability for Unpaid Losses, Net, by Type of Contract*, and the *Ten-Year Claims Development Information*, and other supplementary information consists of the *Supplementary Consolidated Schedule of Revenues and Expenses by Line of Coverage*. This information further explains and supports the information in the basic audited consolidated financial statements.

Virginia Risk Sharing Association and Subsidiary
Management's Discussion and Analysis (Continued)

June 30, 2019 and 2018

FINANCIAL ANALYSIS OF THE POOL

	June 30, 2019	June 30, 2018	2019-2018 Percentage change	June 30, 2017	2018-2017 Percentage change
Current assets	\$ 53,490,999	\$ 44,869,694	19.2%	\$ 48,807,204	-8.1%
Capital assets	4,749,907	4,754,727	(0.1)	4,960,613	(4.2)
Noncurrent assets	<u>269,659,750</u>	<u>253,752,669</u>	6.3	<u>246,289,586</u>	3.0
Total assets	<u>327,900,656</u>	<u>303,377,090</u>	8.1	<u>300,057,403</u>	1.1
Current liabilities	31,308,496	31,940,912	(2.0)	30,922,024	3.3
Noncurrent liabilities	<u>175,218,101</u>	<u>169,017,491</u>	3.7	<u>161,268,920</u>	4.8
Total liabilities	<u>206,526,596</u>	<u>200,958,403</u>	2.8	<u>192,190,944</u>	4.6
Net Position:					
Net investment in capital assets	4,749,907	4,717,005	0.7	4,890,570	(3.5)
Unrestricted	97,717,244	79,354,613	23.1	85,176,003	(6.8)
Restricted by regulation	<u>18,906,909</u>	<u>18,347,069</u>	3.1	<u>17,799,886</u>	3.1
Total net position	<u>\$ 121,374,060</u>	<u>\$ 102,418,687</u>	18.5	<u>\$ 107,866,459</u>	(5.1)

Comments

- Total assets increased 8.1% or \$24,523,566 and 1.1% or \$3,319,687 at June 30, 2019 and June 30, 2018 as compared to prior years, respectively. The increase in investments accounts for most of the increase in total assets in both 2019 and 2018. The Pool historically reinvests interest payments in new securities as they are received during the year as well as periodically allocating new funds to investments when able. Fair value adjustments favorably impacted investment balances in 2019 and adversely in 2018.
- Total liabilities increased 2.8% or \$5,568,193 and 4.6% or \$8,767,459 at June 30, 2019 and June 30, 2018 as compared to the prior years, respectively. The majority of the changes in both years results from changes in loss reserves which are based on actuarial analyses that reflect recent settlements, claim frequency, and other economic and social factors.
- Total net position increased 18.5% or \$18,955,373 at June 30, 2019 after decreasing 5.1% or \$5,447,772 at June 30, 2018. Net position consists of: amounts invested in capital assets, net of related debt; amount unrestricted for the Pool's general operations; and amount restricted for regulatory requirements. The establishment of the restricted amount is required by the State Corporation Commission Bureau of Insurance of the Commonwealth of Virginia (the Commission) regulations. Net position classified as restricted may only be used with the Commission's approval. Refer to Note E. Restricted net position increased \$559,840 and increased \$547,183 for the years ended June 30, 2019 and 2018, respectively, in accordance with the Commission's regulations.

Virginia Risk Sharing Association and Subsidiaries

Management's Discussion and Analysis (Continued)

June 30, 2019 and 2018

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2019	2018	2019-2018 Percentage change	2017	2018-2017 Percentage change
Operating revenues					
Member contributions	\$ 55,984,027	\$ 54,718,384	2.3%	\$ 54,143,947	1.1%
Miscellaneous Income, net	205,239	91,697	123.8	138,536	(33.8)
Total Operating revenues	56,189,266	54,810,081	2.5	54,282,483	1.0
Operating expenses:					
Provision for losses and loss adjustment expense	37,999,486	40,243,675	(5.6)	33,993,637	18.4
Program administration costs	11,270,664	11,071,931	1.8	10,752,889	3.0
Reinsurance premiums	9,747,562	9,533,805	2.2	10,011,251	(4.8)
Total operating expenses	59,017,712	60,849,411	(3.01)	54,757,777	11.1
Operating income/(loss)	(2,828,446)	(6,039,330)	(53.2)	(475,294)	1,170.7
Nonoperating revenues:					
Investment income	8,945,197	8,305,543	7.7	7,980,980	4.1
Net (decrease) increase in fair value of investments	13,538,703	(7,017,753)	(292.9)	(5,680,816)	23.5
Net nonoperating revenues	22,483,900	1,287,790	1,645.9	2,300,164	(44.0)
Non-operating expenses:					
Other nonoperating expenses	700,081	696,232	0.6	755,835	(7.9)
Non-operating income	21,783,819	591,558	3,582.4	1,544,329	(61.7)
Change in net position	18,955,373	(5,447,772)	(447.9)	1,069,034	(609.6)
Net position:					
Beginning of year	102,418,687	107,866,459	(5.1)	106,797,425	1.0
End of year	\$ 121,374,060	\$ 102,418,687	18.5	\$ 107,866,459	(5.1)

Virginia Risk Sharing Association and Subsidiaries

Management's Discussion and Analysis (Continued)

June 30, 2019 and 2018

Comments

- Member contributions increased 2.3% or \$1,265,643 during the year ended June 30, 2019 and increased 1.1% or \$574,437 during the year ended June 30, 2018. Member contributions are dependent on numerous factors including member payrolls; payroll classifications; lines of coverage; quantity and value of owned property; member loss experience, as well as underwriting rates. The increases in 2019 and 2018 are attributable to changes in these factors.
- Miscellaneous income increased 123.8% or \$113,542 in 2019 and decreased 33.8% or \$46,839 in 2018. Miscellaneous income includes compensation for placing certain coverages with other insurance providers that cannot be written within the Pool, as well as other services provided by the Pool for a fee. The change in miscellaneous income for both years results from the normal fluctuation of these activities.
- For the year ended June 30, 2019, as compared to June 30, 2018, provision for losses decreased 5.6% or \$2,244,189 after an increase of 18.4% or \$6,250,038 in the prior year. Losses are determined by actuarial analysis and include many factors, such as historical patterns, anticipated inflation and current retention levels. The provision for losses and loss adjustment expenses in 2019 was \$37,999,486. This represented a loss ratio (losses and loss adjustment expenses incurred divided by net member contributions) of 67.9% in 2019. Losses and loss adjustment expenses incurred in 2018 were \$40,243,675. This represented a loss ratio of 73.6%. At each year end, a liability is recorded representing the estimated reserve for losses and loss adjustment expenses. As more information subsequently becomes available, changes in the estimated liability are reflected in current operations. Such changes in the estimated reserve for losses and loss adjustment expenses are referred to as development. Favorable (downward) development in the reserves of \$16,047,634 for accident years 2018 and prior emerged in 2019, and \$13,260,043 of favorable development in the reserves for accident years 2017 and prior emerged in 2018. Accordingly, losses and loss adjustment expenses reported in the respective years were adjusted by such development. No one claim attributed significantly to this development.
- Included in the provision for losses is unallocated loss adjustment expense (ULAE). The provision for ULAE decreased 25.8% to \$381,545 and decreased 50% to \$514,235 for the years ended June 30, 2019 and 2018, respectively. ULAE represents the estimated costs to administer claims which remained open as of year-end and for which the Pool has an obligation to handle to closure. Unallocated loss adjustment expenses are determined by actuarial analysis and include many factors, such as historical patterns, anticipated inflation and current retention levels. The changes in both years are reflective of these factors.
- Program administration costs increased 1.8% or \$198,733 and increased 3% or \$319,042 for the years ended June 30, 2019 and 2018, respectively. Program administration costs consists of all costs necessary to operate the Pool including: salaries and benefits; information technology; travel; postage and supplies; taxes and insurance, as well as program promotion. The increases in both 2019 and 2018 are attributable to changes in these costs.

Virginia Risk Sharing Association and Subsidiaries

Management's Discussion and Analysis (Continued)

June 30, 2019 and 2018

- Reinsurance premiums increased 2.2% or \$213,757 for the year ended June 30, 2019 and decreased 4.8% or \$477,446 for the year ended June 30, 2018. Reinsurance expense is dependent on many factors including the reinsurers' policy limits, the Pool's retention amounts, the Pool's members' exposures as well as the reinsurers' underwriting rates. The change in reinsurance expense in both 2019 and 2018 was a result of changes in these factors. Generally reinsurance costs move inversely to the amount of the claim retention. Each year the Pool reviews its reinsurance needs and makes decisions based on the affordability and availability of coverage as well as the Pool's ability to absorb potentially higher claim costs resulting from higher retention levels.
- Investment income increased 7.7% or \$639,654 for the year ended June 30, 2019 following an increase of 4.1% or \$324,563 for the year ended June 30, 2018. Investment income is dependent on many factors including the type and maturity of the investment, the number of securities in the portfolio, the rate at which the investment was originally purchased and the credit worthiness of the issuer. The increase in 2019 and 2018 are attributable to changes in these factors.
- The change in fair value of investments was an increase of \$13,538,703 in 2019 compared to a decrease of \$7,017,753 in 2018. The net increase or decrease in the fair value of investments is dependent on many factors including the type of security, the maturity date, the credit worthiness of the issuer as well as changes in the general economy. The changes in fair market value of investments in both years were attributable to changes in these factors. The fair market value of investments generally moves inversely with changes in interest rates.
- Non-operating expenses increased 0.6% or \$3,849 in 2019 and decreased 7.9% or \$59,603 in 2018. The increase in 2019 and the decrease in 2018 are primarily due to changes in investment fees. Investment fees are based on the market value of investments as well as the rate charged by the investment manager. The increase in 2019 resulted from an increase in market values. In 2018 the Pool negotiated a lower rate for investment management fees.

CONTACTING THE POOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide members and creditors with a general overview of the Pool's finances and to demonstrate the Pool's accountability for the money it receives. Persons with questions concerning this report or requests for additional financial information should direct them to Jeffrey Nickey, Deputy Managing Director, P.O. Box 3239, Glen Allen, Virginia 23058, or visit the Pool's website at www.vrsa.us.

Virginia Risk Sharing Association and Subsidiaries

Consolidated Statements of Net Position

Assets	As of June 30,	
	2019	2018
Current assets:		
Cash and cash equivalents	\$ 17,042,338	\$ 13,883,354
Investments	32,942,266	28,681,830
Accounts and contributions receivable	776,338	506,020
Accrued interest receivable	1,560,085	1,604,915
Reinsurance receivable	1,159,872	163,793
Prepaid expenses	10,100	29,782
Total current assets	<u>53,490,999</u>	<u>44,869,694</u>
Noncurrent assets:		
Capital Assets		
Building and improvements	4,741,847	4,741,847
Furniture and equipment	3,068,029	2,755,800
Less accumulated depreciation	<u>(3,059,969)</u>	<u>(2,742,920)</u>
	4,749,907	4,754,727
Investments	269,499,750	253,592,669
Restricted deposit	<u>160,000</u>	<u>160,000</u>
Total non-current assets	<u>274,409,657</u>	<u>258,507,395</u>
Total assets	<u>\$ 327,900,656</u>	<u>\$ 303,377,090</u>
Liabilities and Net Position		
Current liabilities:		
Liability for unpaid losses, net	26,182,015	\$ 27,514,475
Contributions collected in advance	3,714,395	3,155,105
Capital leases	-	37,722
Reinsurance payable	73,522	107,036
Other liabilities	<u>1,338,564</u>	<u>1,126,574</u>
Total current liabilities	<u>31,308,496</u>	<u>31,940,912</u>
Noncurrent liabilities:		
Liability for unpaid losses, net	<u>175,218,101</u>	<u>169,017,491</u>
Total liabilities	<u>206,526,596</u>	<u>200,958,403</u>
Net position:		
Net investment in capital assets	4,749,907	4,717,005
Unrestricted	97,717,244	79,354,613
Restricted by regulation (see Note E)	<u>18,906,909</u>	<u>18,347,069</u>
Total net position	<u>121,374,060</u>	<u>102,418,687</u>
Total liabilities and net position	<u>\$ 327,900,656</u>	<u>\$ 303,377,090</u>

See accompanying notes to the consolidated financial statements

Virginia Risk Sharing Association and Subsidiaries

Consolidated Statements of Revenues, Expenses, and Changes in Net Position

	Years ended June 30,	
	<u>2019</u>	<u>2018</u>
Operating revenues:		
Member contributions	\$ 55,984,027	\$ 54,718,384
Miscellaneous income, net	205,239	91,697
Total operating revenues	56,189,266	54,810,081
Operating expenses:		
Provision for losses and loss adjustment expenses	37,999,486	40,243,675
Program administration fees	11,270,664	11,071,931
Reinsurance premiums	9,747,562	9,533,805
Total operating expenses	59,017,712	60,849,411
Operating loss	(2,828,446)	(6,039,330)
Non-operating revenues:		
Investment Income	8,945,197	8,305,543
Net increase/(decrease) in fair value of investments	13,538,703	(7,017,753)
Total nonoperating revenues	22,483,900	1,287,790
Non-operating expenses	700,081	696,232
Non-operating income, net	21,783,819	591,558
Change in net position	18,955,373	(5,447,772)
Net position at beginning of year	102,418,687	107,866,459
Net position at end of year	<u>\$ 121,374,060</u>	<u>\$ 102,418,687</u>

See accompanying notes to the consolidated financial statements

Virginia Risk Sharing Association and Subsidiaries

Consolidated Statements of Cash Flow

	Years ended June 30,	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from members	\$ 56,199,225	\$ 55,164,570
Payments for reinsurance premiums	(9,707,302)	(9,564,299)
Receipts from reinsured claims	3,140,326	4,729,538
Payments for claims and claims adjustment expenses	(37,267,742)	(34,090,028)
Receipts from miscellaneous income, net	205,239	91,697
Payments for administrative and general expenses	(10,607,534)	(10,713,886)
Net cash provided by operating activities	<u>1,962,212</u>	<u>5,617,592</u>
Cash flows from noncapital financing activities:		
Risk management grants	(300,819)	(308,763)
Net cash used for noncapital financing activities	<u>(300,819)</u>	<u>(308,763)</u>
Cash flows from capital and related financing activities:		
Purchase of property and equipment	(464,360)	(250,880)
Net cash used for capital and related financing activities	<u>(464,360)</u>	<u>(250,880)</u>
Cash flows from investing activities:		
Proceeds from calls and maturities of investments	86,358,783	78,417,842
Purchases of investments	(92,987,597)	(89,373,492)
Investment income	8,590,765	7,770,237
Net cash provided by/(used for) investing activities	<u>1,961,951</u>	<u>(3,185,413)</u>
Net change in cash and cash equivalents	3,158,984	1,872,536
Cash and cash equivalents:		
Beginning of year	13,883,354	12,010,818
End of year	<u>\$ 17,042,338</u>	<u>\$ 13,883,354</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	(\$2,828,446)	(\$6,039,330)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	465,377	452,869
Loss on disposal of property & equipment	3,803	3,897
Provision for losses	4,868,149	9,017,282
Changes in assets and liabilities:		
Accounts and contributions receivable	(270,317)	571,578
Reinsurance receivable	(996,079)	1,865,903
Prepays and receivables	19,682	(4,785)
Contributions collected in advance	559,290	(94,132)
Reinsurance payable	(33,514)	(61,755)
Other liabilities	174,267	(93,936)
Net cash provided by operating activities	<u>\$ 1,962,212</u>	<u>\$ 5,617,592</u>
Noncash investing activities:		
Decrease in fair value of investments	<u>\$ 13,538,703</u>	<u>\$ (7,017,753)</u>

See accompanying notes to the consolidated financial statements

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note A – Organization and Nature of Operations

The Pool is an unincorporated association formed for the purpose of establishing risk management programs in accordance with the laws of the Commonwealth of Virginia. The Pool commenced operations on July 1, 1986 as the Virginia Municipal Liability Pool (VMLP) and assumed the name VML Insurance Programs effective July 1, 2010 while simultaneously merging with the Virginia Municipal Group Self Insurance Association (VMGSIA).

On March 14, 2019, the Pool's Board voted to change the name of the Pool from VML Insurance Programs to Virginia Risk Sharing Association effective July 1, 2019. The new name better reflects the Pool's breadth of membership and emphasizes the collaborative nature of public entity risk pooling. For all practical purposes the Pool began using the new name upon passage of the resolution.

The Pool provides commercial general liability, automobile physical damage, automobile liability, property, boiler and machinery, fidelity and crime, law enforcement, public officials', workers compensation, cyber, and Line of Duty Act coverage for political subdivisions of the Commonwealth of Virginia. The Pool also provides excess liability coverage to its members, which is to a large extent reinsured, as approved by the State Corporation Commission, Bureau of Insurance of the Commonwealth of Virginia ("the Commission").

Members may withdraw from the Pool upon thirty (30) days advance written notice to the Board. After a Member has been in the Pool for three (3) consecutive years, the Member may withdraw upon thirty (30) days written notice to the Board and shall be entitled to share in any surplus assets of the fund; upon such termination however, the Member will not receive any refunds of paid contributions, assessments or investment income.

As required by Commission regulations, members of group self-insurance pools may be subject to an assessment for any fund years in which they participated in such pool. Members purchasing workers' compensation coverage are jointly and severally liable to the other members purchasing workers' compensation coverage pursuant to Va. Code § 15.2-2703(C), and membership in the Pool shall not relieve the Member's obligations imposed by Title 65.2 of the Virginia Code as an employer to its employees.

Members of the Pool are not jointly and severally liable for losses arising out lines of coverage other than workers' compensation. In addition, a member of the Pool which does not purchase workers' compensation coverage shall not be jointly and severally liable for workers' compensation losses. In the event of the Pool's deficit as to all lines other than workers' compensation coverage, the Pool may require an assessment of all members purchasing coverages other than workers' compensation coverage in the proportion which the contribution of each member bears to the total contributions of all members in the year in which such deficit occurs; provided, however, in no event shall such assessment exceed two (2) times the member's annual contribution.

No such assessments have ever been required during the Pool's existence. Pool members as of June 30, 2019 included 481 cities, towns, counties, and other political subdivisions. Pool membership as of June 30, 2018 included 481 cities, towns, counties, and other political subdivisions.

Effective September 1, 2013 VRSA formed the Virginia Local Government Risk Agency, LLC (VLGRA). VLGRA is a wholly-owned subsidiary of VRSA, created as a disregarded entity for tax purposes to place certain types of insurance coverage that cannot be written within the Pool. VLGRA is an insurance agency and is primarily used for flood insurance and short-term disability.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note A – Organization and Nature of Operations (Continued)

On July 1, 2018 the Pool created Virginia Interlocal Risk Sharing Association RE, LLC (VIRSA RE), a captive reinsurance company. VIRSA RE is a single member LLC for tax purposes utilizing the core/cell captive structure. The benefits of creating a captive include: establishing a formal mechanism to set aside funds to manage losses in certain layers of risk; retaining a portion of risk in an historically profitable layer; and addressing unique coverage needs not readily available in the commercial market.

Currently the Pool utilizes the captive for a portion of the workers compensation and liability lines of coverage. The Pool may expand both the amounts of reinsurance and lines of coverage placed through the captive in the future.

As a wholly owned subsidiary of the Pool, VIRSA RE's and VLGRA's financial results are consolidated in the Pool's CAFR.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Pool follow generally accepted accounting principles ("GAAP") applicable to public entity risk pools, as prescribed by Governmental Accounting Standards Board ("GASB"). The Pool uses the economic resources measurement focus and the accrual basis of accounting and is accounted for as a proprietary fund.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed therein. Significant estimates included in these consolidated financial statements primarily relate to the assumptions and methods used to estimate the liability for unpaid losses as described below.

The industry in which the Pool operates is affected by numerous factors and circumstances, some of which cannot be predicted or controlled. Among them are (1) an insurers' ability to enter into suitable future reinsurance agreements is subject to prevailing conditions in the reinsurance markets which may change risk-retention levels; (2) fluctuations in interest rates affect the value and income yield of an insurer's investment portfolio in the short-term, and often affect default and prepayment rates over time; (3) future inflation may result in ultimate loss settlements different from the amounts originally anticipated; (4) catastrophic or unusual losses, such as the effects of the terrorist attacks of September 11, 2001, may distort historical experience; and (5) losses may not fully emerge for several years following the year in which the insured event occurred. Should any of these or similar events occur, the Pool's operating results and financial condition may be affected.

Investments

The Pool accounts for its investments in accordance with GASB guidance for accounting and financial reporting for certain investments and for external investment pools. The standard establishes fair value standards on accounting for all investments held by governmental external investment pools and governmental entities. All investment income, including changes in the fair value of investments, is recognized in the consolidated statements of revenues, expenses, and changes in net position.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note B – Summary of Significant Accounting Policies (Continued)

Investments (continued)

Investments are stated at fair value based on quoted market prices or a recognized pricing service. Interest income is reported at the stated interest rate and any premium or discounts on debt securities are not amortized.

In accordance with GASB guidance, certain disclosures regarding deposit and investment risks have been provided in Note D.

Fair Value Measurements

GASB has issued guidance for measurement and disclosure of fair value and establishes a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3: Prices determined using significant unobservable inputs, in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. These reflect the Pool's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

From time to time, changes in market conditions may result in reclassification of an investment's assigned level within the hierarchy. There were none in 2019 and in 2018.

Cash and Cash Equivalents

The Pool defines cash and cash equivalents as investments in the Local Government Investment Pool ("LGIP") and all cash and highly liquid investments with original maturities of three months or less.

As of June 30, 2019 and 2018, \$4,668,159 and \$5,555,949, respectively, of cash and cash equivalents was invested in the LGIP. The fair value of the Pool's position in the LGIP pool is the same as the value of the Pool's shares. The Department of Treasury of the Commonwealth of Virginia manages the LGIP, a fund similar to a money market fund, which invests in bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and U.S. Treasury notes. All LGIP investments may be converted into cash within 90 days. As of June 30, 2019 and 2018, the Pool's investment in the LGIP was rated AAAM by Standards & Poor.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note B – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

The Pool maintains its cash balances at several financial institutions. The Federal Depository Insurance Corporation ("FDIC") secures accounts up to \$250,000 at these institutions. The bank balances exceeding those covered by FDIC are protected under the provisions of the Virginia Security for Public Deposits Act ("the Deposits Act"). Under the Deposits Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool ("the Collateral Pool") in the name of the State Treasury Board.

The State Treasury is responsible for monitoring compliance with the collateralization and reporting requirements of the Deposits Act and for notifying local governments of compliance by banks. If any member financial institution fails, the entire collateral becomes available to satisfy claims of the Collateral Pool. If the value of the Collateral Pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members (banks) of the Collateral Pool. Therefore, these deposits are considered collateralized and as a result, are considered insured.

Capital Assets

The building, furniture, equipment and software are stated at cost as of the date of utilization less accumulated depreciation and amortization. The Pool capitalizes property and equipment greater than \$1,000. Depreciation and amortization is recorded using the straight-line method over the estimated useful lives of the assets. The Pool estimates the useful life of the building to be 40 years, and 3-7 years for furniture, equipment and software.

Classification of Revenues and Expenses

The Pool has classified its revenues and expenses as either operating or non-operating. Operating revenues and expenses relate to insurance premiums and include billing for insurance premiums and payment of claims and excess insurance premiums and program administrative fees. All other revenues and expenses are classified as non-operating and include investment income, the change in fair value of investments, safety grants and other miscellaneous expenses.

Liability for Unpaid Losses

The reserve for losses and loss adjustment expenses ("LAE") is based on the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The length of time for which such costs must be estimated varies depending on the coverage involved. In estimating the reserve for losses and LAE, management uses the findings of a consulting actuary. Such reserves are presented net of reinsurance recoverable on unpaid losses and LAE. Reinsurance recoverables are not collected until after such losses are paid by the Pool. Estimated amounts of salvage and subrogation are deducted from the liability for unpaid losses. Management believes the reserve for losses and LAE represents its best estimate of the ultimate cost of settling claims. However, because of future events beyond the control of management, such as changes in approved benefit rates, changes in law, judicial interpretations of law or inflation, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note B – Summary of Significant Accounting Policies (Continued)

Reinsurance

The Pool maintains reinsurance agreements to reduce its exposure to large losses on insured events. Reinsurance provides for recovery of losses in excess of the specified retention limit up to the reinsurance policy limits, although it does not discharge the primary liability of the Pool with respect to the covered risks.

The Pool evaluates the financial condition of its reinsurers and monitors concentrations of credit risk to minimize exposure to losses from reinsurer insolvencies. In preparing consolidated financial statements, management makes estimates of amounts recoverable from reinsurers, which include consideration of amounts, if any, estimated to be uncollectible by management. Management evaluated the creditworthiness of its reinsurers and determined that no valuation allowance was required as of June 30, 2019 and 2018. In the event that any or all of the reinsuring companies are unable to meet their obligations under existing agreements, the Pool would be liable for such defaulted amounts.

Amounts recoverable from reinsurers for unpaid losses and LAE are estimated in a manner consistent with the reserve for losses and LAE associated with the reinsured policies. Reinsurance recoverables on paid losses and LAE are presented as an asset in the accompanying consolidated statements of net position. Reinsurance recoverable from unpaid losses was \$16,691,308 and \$14,637,950 as of June 30, 2019 and 2018 respectively, and is netted against the liability for unpaid losses on the consolidated statements of net position. The 14% increase in 2019 is due to one new worker's compensation occurrence in 2018-19. As of June 30, 2019 and 2018, the total reinsurance recoverable on paid losses was \$1,159,872 and \$163,793, respectively.

Reinsurance Retention Limits

For workers compensation, the Pool maintained aggregate reinsurance, which limited its aggregate losses for fund years ended June 30, 1981 to 1987 to a specified annual retention level. For all fund years, the Pool has maintained excess of loss coverage per occurrence up to the statutory limit applicable for that fund year. The Pool is fully responsible for the base retention level and the quota share of any amounts above that retention level up to the upper limit. The Pool is reinsured for losses greater than the upper limit of \$750,000 in 2019, \$1,500,000 in 2018 and \$1,312,500 in 2017. In 2019 the Pool was subject to an aggregate reinsurance limit in the coverage placed with VIRSA RE. The imposition of the aggregate limit could impact the Pool's retention on an occurrence basis if the aggregate were to be reached.

For liability lines, the Pool maintains an occurrence basis reinsurance agreement related to each particular line of coverage to reduce its exposure to large losses. The property reinsurance includes catastrophe coverage to limit the Pool to damages resulting from a single event.

The Pool's reinsurance provides for recovery of all or a portion of the losses in excess of the retention limits up to the reinsurance policy limits, although it does not discharge the primary liability of the Pool with respect to covered risks. For the year ended June 30, 2019, the Pool's retention limits per loss occurrence ranged from \$100,000 to \$1,000,000, depending on the line of coverage. Each year the Pool reviews its reinsurance needs and makes decisions based on the affordability and availability of coverage as well as the Pool's ability to absorb potentially higher claim costs resulting from higher retention levels.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note B – Summary of Significant Accounting Policies (Continued)

Reinsurance Retention Limits (Continued)

Effective July 1, 2018, the Pool purchased reinsurance from VIRSA RE a wholly owned subsidiary of the Pool. VIRSA RE provides workers compensation and liability reinsurance on a per occurrence basis up to a specified aggregate retention based on the line of coverage being reinsured. For workers compensation, VIRSA RE provides per occurrence coverage up to \$750,000 for claims in excess of \$750,000 up to an aggregate limit of \$1,700,000. For liability, VIRSA RE provides up to \$2,000,000 of per occurrence coverage for claims in excess of \$1,000,000 up to an aggregate limit of \$2,000,000. Liability losses are covered on an 80/20 quota share basis with VIRSA RE assuming 20 percent of the loss and a third party reinsurer assuming 80 percent.

Members' Contributions, Contributions Receivable and Contributions Collected in Advance

Contributions are assessed on an individual member basis in advance of each fund year and are considered to be earned in the fund year to which they apply. Members' contributions for workers compensation are calculated based on rate tables established by the National Council on Workers' Compensation Insurance and loss cost ratings approved by the Commission. Members' contributions for liability lines are calculated based on rates provided by actuaries and reinsurers. All contributions are adjusted, where applicable, for individual member experience. Contributions received prior to the fund year to which they apply are classified as contributions collected in advance on the consolidated statements of net position. Premiums ceded to other companies pursuant to reinsurance agreements have been reported as reinsurance expense.

Accounts and contributions receivable consist primarily of billed premiums not yet collected. Management anticipates no uncollectible accounts, and therefore, has not established an allowance for doubtful accounts.

When the anticipated future losses and loss adjustment expenses exceed the related unearned premium reserve, a premium deficiency reserve is recognized by recording an additional liability for the deficiency. The Pool anticipates investment income as a factor in the premium deficiency reserve calculation. No premium deficiency reserve has been recorded as of June 30, 2019 and 2018.

Income Taxes

The Pool has received a ruling from the Internal Revenue Service that the income of the Pool is excludable from gross income under Section 115 of the Internal Revenue Code. Accordingly, the accompanying consolidated financial statements do not include a provision for federal and state income taxes. Management has concluded that the Pool has properly maintained its exempt status, and there are no uncertain tax positions as of June 30, 2019 and 2018. The Pool is not currently under audit by any tax jurisdiction.

Compensated Absences

Employees can carry over a maximum of 60 days of accumulated leave at year end.

Subsequent Events

The Pool has evaluated subsequent events for disclosure and recognition through November 19, 2019, the date on which these consolidated financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying consolidated financial statements.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note C – Affiliated Organizations and Related-Party Transactions

The accompanying consolidated financial statements represent the general operations of the Pool and do not include the operations and financial condition of the Virginia Municipal League (“VML”) and other organizations affiliated with VML.

VML receives income as a percentage of collected base premiums as compensation. The Pool pays this fee on an estimated quarterly basis with a final reconciliation at year end. The Pool paid VML \$933,580 for 2019 and \$918,439 for 2018. As of June 30, 2019, administrative fees of \$16,420 were due from VML and as of June 30, 2018 \$21,561 was due from VML.

VRSA also serves as administrator for the Virginia Local Government Insurance Association – Joint Powers Agreement (VLGIA). The VLGIA is an association of local governments formed for the purpose of cooperatively procuring group life insurance, accident and health insurance and other employee benefits. VLGIA’s governance board is composed of all members of the Members’ Supervisory Board of Virginia Risk Sharing Association. VRSA receives a fee for its services rendered as administrator.

The Pool owns and operates VIRSA RE as a captive reinsurer. VIRSA RE is governed by a Board of Directors appointed by the Pool’s Board. VIRSA RE is domiciled in North Carolina and utilizes a captive manager for services related to its formation, administration and operation. Claims are administered by Pool staff and VIRSA pays the Pool a fee for claims and loss control services. VIRSA RE maintains its own general ledger and bank accounts but all results are consolidated with the Pool for this CAFR.

Note D – Deposits and Investments

The Pool’s investment policy contains certain provisions and limitations intended to mitigate the Pool’s exposure to various investment risks, such as credit risk (including custodial risk and concentration risk) and interest rate risk. The investment policy provides for limitations on the duration of the Pool’s portfolio, and mandates that all investments comply with relevant state and federal statutes and regulations. The policy also limits investment in certain types of securities.

To minimize credit risk the Pool limits how much of the portfolio can be invested in one issuer. In some cases the Pool further limits how much of the portfolio can be invested in specific issues of any issuer.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note D – Deposits and Investments (Continued)

Investments consist of the following at June 30:

	Fair Value	
	<u>2019</u>	<u>2018</u>
Mutual Funds:		
Large Cap Value	\$ 16,724,557	\$ 15,402,643
Bond Funds	<u>11,656,924</u>	<u>10,696,172</u>
Subtotal	<u>28,381,481</u>	<u>26,098,815</u>
Debt Securities:		
US Treasuries	67,369,623	58,175,607
Agencies	5,601,989	5,400,646
Corporates	95,543,274	96,127,798
Municipals	16,312,857	17,439,796
US Agency MBS	56,017,281	50,080,778
Asset Backed	27,037,620	24,133,766
CMO	2,700,003	1,376,397
CMBS	<u>3,637,888</u>	<u>3,600,896</u>
Subtotal	<u>274,220,535</u>	<u>256,335,684</u>
	<u>\$ 302,602,016</u>	<u>\$ 282,434,499</u>

Restricted deposits in the amount of \$160,000 (see Note H) for the years ended June 30, 2019 and 2018, respectively, are included in the fair value of investments noted above.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To minimize this risk the Pool maintains a target duration identical to its custom benchmark with a duration range of plus or minus one year of that target.

As of June 30, 2019 and 2018, investments are measured at fair value according to the GASB guidance definitions noted in Note B. The Pool's fixed income investment portfolio is valued based on quoted prices for similar instruments in active markets and is classified as Level 2. Mutual funds are valued at the daily closing price as reported by the fund for the shares held at year end and are classified as Level 1 since the funds are quoted on active markets. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

The fair values of debt securities at June 30, 2019 and 2018, by weighted average life are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations prior to maturity with or without call or prepayment penalties.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note D – Deposits and Investments (Continued)

	2019				
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
US Treasuries	\$ -	\$ 23,972,879	\$ 43,396,744	\$ -	\$ 67,369,623
Agencies	-	3,173,884	2,428,105	-	5,601,989
Corporates	3,056,725	31,492,250	59,867,308	1,126,990	95,543,274
Municipals	1,459,701	8,342,423	6,510,733	-	16,312,857
US Agency MBS	-	-	261,765	55,755,517	56,017,281
Asset Backed	44,359	26,537,898	455,364	-	27,037,620
CMO	-	-	-	2,700,003	2,700,003
CMBS	-	-	1,182,417	2,455,471	3,637,888
	<u>\$ 4,560,784</u>	<u>\$ 93,519,334</u>	<u>\$ 114,102,436</u>	<u>\$ 62,037,981</u>	<u>\$ 274,220,535</u>

	2018				
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
US Treasuries	\$ -	\$ 15,679,084	\$ 41,765,249	\$ 731,274	\$ 58,175,607
Agencies	-	3,115,694	2,284,952	-	5,400,646
Corporates	962,475	36,096,089	56,786,612	2,282,622	96,127,798
Municipals	1,620,540	8,747,808	5,014,738	2,056,710	17,439,796
US Agency MBS	-	-	1,449,647	48,631,131	50,080,778
Asset Backed	-	23,184,833	948,933	-	24,133,766
CMO	-	-	-	1,376,397	1,376,397
CMBS	-	-	-	3,600,896	3,600,896
	<u>\$ 2,583,015</u>	<u>\$ 86,823,508</u>	<u>\$ 108,250,131</u>	<u>\$ 58,679,030</u>	<u>\$ 256,335,684</u>

Included in investments due after one year is an amount restricted for a specific purpose that is equal to the Pool's restricted by regulation net position shown on the consolidated statements of net position. The weighted average life for securities with call options is based on the market price. If the market price is below par, the weighted average life is the maturity date. If the market price is above par, the weighted average life is the call date. For mortgage and asset backed securities with prepayment options, the Pool utilizes projected prepayment speeds based on third party and proprietary models for forecast weighted average life.

Credit Risk

Credit risk is the risk that an issuer or other counterparts to an investment will not fulfill its obligations. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Pool will not be able to recover the value of its investments that are in the possession of an outside party.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note D – Deposits and Investments (Continued)

Credit Risk (continued)

The following schedule details the credit risk for investments held by the Pool as of June 30, 2019 and 2018.

As of June 30, 2019				As of June 30, 2018	
	Rating	Amount	Percentage of Portfolio	Amount	Percentage of Portfolio
U.S. Treasuries		\$ 67,369,623	24.57%	\$ 58,175,607	22.70%
Agencies	AA	5,601,989	2.04%	5,400,646	2.11%
Corporates	AAA	611,238	0.22%	574,614	0.22%
Corporates	AA	8,532,579	3.11%	9,988,625	3.90%
Corporates	A	62,900,474	22.94%	61,011,212	23.80%
Corporates	BBB	23,498,983	8.57%	24,553,347	9.58%
Municipals	AAA	935,000	0.34%	930,680	0.36%
Municipals	AA	13,030,064	4.75%	14,320,957	5.59%
Municipals	A	2,347,793	0.86%	2,188,159	0.85%
U.S. Agency MBS	AA	56,017,281	20.43%	50,080,778	19.54%
Asset Backed	AAA	27,037,620	9.86%	24,133,766	9.41%
CMO	AA	2,700,003	0.98%	1,376,397	0.54%
CMBS	AAA	3,637,888	1.33%	3,600,896	1.40%
		<u>\$ 274,220,535</u>	<u>100.00%</u>	<u>\$ 256,335,684</u>	<u>100.00%</u>

There are no investments in any one issuer that represent 5% or more of total investments excluding investments issued or explicitly guaranteed by the U. S. government.

Concentration of Credit Risk

Concentration risk is the risk of loss attributable to the magnitude of an investment in a single issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Pool's deposits may not be returned. The Pool's deposits are either fully insured by the Federal Deposit Insurance Corporation or protected under the provisions of the Virginia Security for Public Deposits Act, see Note B.

Custodial Credit Risk - Investments

For an investment this is the risk that, in the event of the failure by the counterparty, the Pool will not be able to recover the value of its investments that are in the possession of an outside party. The Pool's investment custodian maintains adequate insurance coverage to mitigate custodial credit risk. The investment in mutual funds is not maintained by the Pool's custodian.

The effective duration is used to assess interest rate risk by estimating the sensitivity of fixed income securities to interest rate changes. The effective duration estimates the percentage change in the fair value of an investment (or an investment portfolio) for a one percent change in interest rates.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note D – Deposits and Investments (Continued)

Custodial Credit Risk – Investments (continued)

It makes assumptions regarding the most likely timing and amounts of variable cash flows for investments that are highly sensitive to interest rate changes, such as mortgage-backed securities (“MBS”), callable bonds, and variable-rate debt.

The following were the effective durations of investments held by the Pool as of June 30, 2019 and 2018:

	As of June 30, 2019		As of June 30, 2018	
	Market Value	Effective Duration	Market Value	Effective Duration
U.S. Treasuries	\$67,369,623	5.40	\$58,175,607	5.86
Agencies	5,601,989	3.11	5,400,646	3.96
Corporates	95,543,274	5.10	96,127,798	5.23
Municipals	16,312,857	3.82	17,439,796	3.24
U.S. Agency MBS	56,017,281	3.61	50,080,778	4.98
Asset Backed	27,037,620	1.67	24,133,766	1.49
CMO	2,700,003	2.71	1,376,397	3.75
CMBS	3,637,888	4.99	3,600,896	3.09
Total Investments	<u>\$274,220,535</u>		<u>\$256,335,684</u>	

The effective duration of the custom benchmark at June 30, 2019 and 2018 was 4.39 and 4.84, respectively.

Note E – Net Position

In accordance with regulations of the Commission, at June 30, 2019 and 2018, all net position is to be used for claims, operating expenses, claims costs, establishment of a contingency reserve (restricted by regulation net position), and declaration of dividends. The establishment of a contingency reserve is required by the Commission’s regulations. Dividends may be declared and paid at the discretion of the Board subject to approval by the Commission. Net position classified as restricted satisfies the Commission’s requirement that 1% or more of the Pool’s contributions each year be allocated as a contingency reserve. The Board designated \$559,840 and \$547,183 as additional contingency reserve in 2019 and 2018, respectively. The contingency reserve can be used at the discretion of the Board, including, but not limited to, payment of losses and defense costs, subject to prior approval of the Commission.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note F – Liability for Unpaid Losses, Net

As discussed in Note B, the Pool establishes an estimated liability for unpaid losses for both reported and unreported insured events occurring as of the consolidated statements of financial position date, which include estimates of both future payments of losses and related claim adjustment expenses. This liability for unpaid losses is estimated by an independent actuary based on claims information as of June 30. The Pool does not discount its loss reserves.

The following represents changes in the liability for unpaid losses, net of the effects of reinsurance, during the years ended June 30, 2019 and 2018:

	2019	2018
Liability for unpaid losses, net at beginning of year	\$ 196,531,966	\$ 187,514,684
Provisions for losses:		
Provision for insured events of the current year	54,047,120	53,503,718
Reduction in provision for insured events of prior years	(16,047,634)	(13,260,043)
Total provision for losses	37,999,486	40,243,675
Payments:		
Claims and claims adjustment expenses attributable to insured events of the current year	14,410,523	13,478,246
Claims and claims adjustment expenses attributable to insured events of the prior years	18,720,813	17,748,147
Total payments	33,131,336	31,226,393
Liability for unpaid losses, net at end of year	\$ 201,400,116	\$ 196,531,966

As a result of changes in estimates related to insured events in prior years, the applicable provisions for claims and claims adjustment expenses were adjusted as indicated in the table above. No individual significant event was responsible for a large portion of the adjustments. In general, during the year ended June 30, 2019, fund years 1980-1981 through 2004-2005 experienced overall unfavorable development of \$1,682,007 and 2005-2006 through 2017-18 experiencing favorable development of \$17,729,641. Such changes result from re-estimation of claims and claims adjustment expenses as the result of claim settlements during the current year and as additional information is received regarding specific claims and loss development trends.

As of June 30, 2019 and June 30, 2018, the Pool had purchased a total of \$2,731,297 in annuity contracts from third parties in the name of claimants. No new purchases were made in 2019 or in 2018. Purchase of annuity contracts removes the associated liabilities from the liability for unpaid losses.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note G – Capital Assets

Capital Asset activity for the years ended June 30, 2019 and 2018 was as follows:

Capital assets as of June 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Building and improvements	\$ 4,741,847	\$ -	\$ -	\$ 4,741,847
Furniture and equipment	<u>2,755,800</u>	<u>464,360</u>	<u>(152,131)</u>	<u>3,068,029</u>
Total capital assets, being depreciated	<u>7,497,647</u>	<u>464,360</u>	<u>(152,131)</u>	<u>7,809,876</u>
Less accumulated depreciation for:				
Building and improvements	(1,066,031)	(123,370)		(1,189,401)
Furniture and equipment	<u>(1,676,889)</u>	<u>(342,007)</u>	<u>148,328</u>	<u>(1,870,568)</u>
Total accumulated depreciation	<u>(2,742,920)</u>	<u>(465,377)</u>	<u>148,328</u>	<u>(3,059,969)</u>
Total capital assets, being depreciated, net	<u>\$ 4,754,727</u>	<u>\$ (1,017)</u>	<u>\$ (3,803)</u>	<u>4,749,907</u>

Capital assets as of June 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Building and improvements	\$ 4,729,802	\$ 12,045	\$ -	\$ 4,741,847
Furniture and equipment	<u>2,641,787</u>	<u>238,835</u>	<u>(124,822)</u>	<u>2,755,800</u>
Total capital assets, being depreciated	<u>7,371,589</u>	<u>250,880</u>	<u>(124,822)</u>	<u>7,497,647</u>
Less accumulated depreciation for:				
Building and improvements	(944,790)	(121,241)	-	(1,066,031)
Furniture and equipment	<u>(1,466,186)</u>	<u>(331,628)</u>	<u>120,925</u>	<u>(1,676,889)</u>
Total accumulated depreciation	<u>(2,410,976)</u>	<u>(452,869)</u>	<u>120,925</u>	<u>(2,742,920)</u>
Total capital assets, being depreciated, net	<u>\$ 4,960,613</u>	<u>\$ (201,989)</u>	<u>\$ (3,897)</u>	<u>4,754,727</u>

Note H – Capital Leases

The Pool had one capital lease for office equipment. The lease called for monthly payments of \$3,024 through July 2019. In June 2019, the lease was paid in full and the equipment reverted back to the lessor.

The capitalized cost of the office equipment at June 30, 2019 and 2018 was \$0 and \$152,131, respectively. The accumulated depreciation of the office equipment under lease as of June 30, 2019 and 2018 was \$0 and \$117,902 respectively.

No new capital lease agreements were entered into during the year ended June 30, 2019.

Virginia Risk Sharing Association and Subsidiaries

Notes to Consolidated Financial Statements, Continued

Note I – Contributions Receivable

All estimated contributions must be collected in accordance with the membership agreement and regulations of the Commission. Contributions receivable arise from contribution adjustments as a result of payroll audits conducted after the fiscal year. As of June 30, 2019 and 2018, no allowance for doubtful collection was recorded by the Pool based on management's analysis of contributions receivable.

Note J – Restricted Deposit

In accordance with the Commission's regulations, the Pool maintained on deposit with the Commonwealth of Virginia, a U.S. Treasury note in the amount of \$160,000 as of June 30, 2019 and 2018.

Note K – Commitments and Contingencies

The Pool is involved in various claims and legal actions arising in the ordinary course of business, which are considered in the estimate of the liability for losses and LAE.

Virginia Risk Sharing Association and Subsidiaries

Required Supplementary Information Liability for Unpaid Losses, Net, by Type of Contract Years Ended June 30, 2019 and 2018

2019	General liability	Public officials liability	Law enforcement liability	Automobile	Property	Boiler and machinery	Fidelity & crime	Excess	Cyber	LODA	Workers Compensation	Total Pool
Liability for unpaid losses, net at beginning of year	\$10,895,310	\$11,744,849	\$3,671,058	\$14,727,707	\$4,203,588	\$256,854	\$351,762	\$ 55,675	\$ 149,014	\$20,171,979	\$ 130,304,170	\$ 196,531,966
Provisions for losses:												
Provision for insured events of the current year	3,487,229	3,911,259	1,103,176	10,401,834	5,748,390	501,443	150,433	-	200,577	1,983,162	26,559,617	54,047,120
Increase (reduction) in provision for insured events of prior years	(1,974,503)	115,428	(873,163)	(2,134,491)	(651,973)	(143,695)	(160,528)	150,791	-	(5,483,105)	(4,892,395)	(16,047,634)
Total provision for losses	1,512,726	4,026,687	230,013	8,267,343	5,096,417	357,748	(10,095)	150,791	200,577	(3,499,943)	21,667,222	37,999,486
Payments:												
Claims and claims adjustment expenses attributable to insured events of the current year	1,001,720	190,167	929	3,648,128	3,860,417	208,407	3,126	-	19,708	110,345	5,367,576	14,410,523
Claims and claims adjustment expenses attributable to insured events of the prior years	1,645,329	2,908,321	603,932	3,135,085	1,639,073	80,007	55,347	150,791	37,953	592,602	7,872,373	18,720,813
Total payments	2,647,049	3,098,488	604,861	6,783,213	5,499,490	288,414	58,473	150,791	57,661	702,947	13,239,949	33,131,336
Liability for unpaid losses, net at end of year	\$ 9,760,987	\$12,673,048	\$3,296,210	\$16,211,837	\$3,800,515	\$326,188	\$283,194	\$ 55,675	\$ 291,930	\$15,969,089	\$ 138,731,443	\$ 201,400,116

See accompanying independent auditors' report.

Virginia Risk Sharing Association and Subsidiaries

Required Supplementary Information Liability for Unpaid Losses, Net, by Type of Contract, Continued Years Ended June 30, 2019 and 2018

2018	General liability	Public officials liability	Law enforcement liability	Automobile	Property	Boiler and machinery	Fidelity & crime	Excess	Cyber	LODA	Workers Compensation	Total Pool
Liability for unpaid losses, net at beginning of year	\$10,684,888	\$10,151,305	\$4,165,130	\$13,870,866	\$5,617,242	\$153,631	\$353,403	\$ 55,675	\$ -	\$10,678,962	\$131,783,582	\$187,514,684
Provisions for losses:												
Provision for insured events of the current year	4,232,070	3,937,150	1,761,012	9,234,537	5,435,444	402,626	150,985	-	150,985	7,451,733	20,747,177	53,503,719
Increase (reduction) in provision for insured events of prior years	(1,575,960)	(603,981)	(955,585)	(2,709,978)	(1,069,420)	4,180	(38,962)	-	-	2,625,248	(8,935,586)	(13,260,044)
Total provision for losses	2,656,110	3,333,169	805,427	6,524,559	4,366,024	406,806	112,023	0	150,985	10,076,981	11,811,591	40,243,675
Payments:												
Claims and claims adjustment expenses attributable to insured events of the current year	858,693	281,600	205,760	3,113,314	3,556,058	176,299	-	-	1,971	219,524	5,065,028	13,478,247
Claims and claims adjustment expenses attributable to insured events of the prior years	1,586,995	1,458,025	1,093,739	2,554,404	2,223,620	127,284	113,664	-	-	364,440	8,225,975	17,748,146
Total payments	2,445,688	1,739,625	1,299,499	5,667,718	5,779,678	303,583	113,664	-	1,971	583,964	13,291,003	31,226,393
Liability for unpaid losses, net at end of year	\$10,895,310	\$11,744,849	\$3,671,058	\$14,727,707	\$4,203,588	\$256,854	\$351,762	\$ 55,675	\$ 149,014	\$20,171,979	\$130,304,170	\$196,531,966

See accompanying independent auditors' report.

Virginia Risk Sharing Association and Subsidiaries

Required Supplementary Information Ten-Year Claims Development Information

The following table illustrates how the Pool's earned revenue (net of reinsurance) and investment income compare to the related provision for losses (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the last ten years. The columns of the table show data for successive fund years. The numbered lines in the first column of the table describe the following:

1. This section shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, net earned contribution revenue, and reported investment revenue. Investment revenues include net change in fair value of investments recognized in accordance with Government Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This section shows gross incurred claims and allocated claim adjustment expenses, losses ceded to reinsurers, and net incurred losses and loss adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage under the contract occurred (called fund year).
4. This section shows the cumulative net amounts paid as of the end of successive years for each fund year.
5. This line shows the latest re-estimated amount of losses ceded to reinsurers for each fund year.
6. This section shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, including estimated excess liability insurance receivable, and revaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally estimated. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Virginia Risk Sharing Association and Subsidiaries

Required Supplementary Information

Ten-Year Claims Development Information

Fiscal and Policy Years Ended June 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1. Contribution and investment revenue:										
Earned	\$ 78,673,166	\$ 56,097,872	\$ 56,582,646	\$ 65,402,240	\$ 59,354,649	\$ 65,320,015	\$ 56,320,239	\$ 66,936,501	\$ 60,949,772	\$ 75,873,868
Ceded	9,747,562	9,533,805	10,011,251	10,356,696	10,562,088	10,635,462	9,265,893	9,047,674	7,860,141	8,859,972
Net earned	88,420,728	65,631,677	66,593,898	75,758,936	69,916,737	54,684,554	47,054,346	57,888,827	53,089,632	67,013,896
2. Unallocated expenses	\$ 12,352,291	\$ 12,282,399	\$ 22,697,264	\$ 21,245,023	\$ 12,015,708	\$ 11,370,216	\$ 10,507,318	\$ 10,731,036	\$ 9,775,726	\$ 9,933,883
3. Estimated provisions for losses, end of policy year:										
Incurred	\$ 71,686,309	\$ 65,415,776	\$ 54,705,678	\$ 45,019,287	\$ 44,885,495	\$ 43,950,772	\$ 43,245,717	\$ 46,536,246	\$ 61,339,554	\$ 45,138,476
Ceded	3,131,342	2,564,733	967,328	266,239	2,120,574	2,750,772	55,813	2,593,292	20,839,554	2,513,476
Net incurred	68,554,967	62,851,043	53,738,350	44,753,048	42,764,921	41,376,329	43,189,904	43,942,954	40,500,000	42,625,000
4. Paid (cumulative) at end of:										
Policy year	\$ 14,653,614	\$ 13,551,566	\$ 11,770,759	\$ 9,983,946	\$ 10,961,357	\$ 10,058,912	\$ 9,409,823	\$ 10,035,498	\$ 10,181,434	\$ 11,204,494
One year later		22,280,385	20,272,518	16,945,629	19,281,435	18,147,983	16,093,672	17,408,359	17,989,983	18,663,843
Two years later			24,313,831	20,725,450	23,889,817	21,564,219	19,987,757	21,687,535	20,642,371	23,119,118
Three years later				23,205,857		23,217,996	22,301,837	23,942,528	22,139,565	25,767,158
Four years later					25,753,567	25,121,314	23,453,565	25,254,427	22,418,236	26,561,742
Five years later						25,614,934	24,136,564	25,839,274	24,015,000	26,728,748
Six years later							24,430,781	26,383,726	23,700,725	27,039,532
Seven years later								26,531,904	23,980,396	27,185,151
Eight years later									27,307,070	27,370,158
Nine years later										
5. Reestimated ceded losses and expenses	\$ 3,131,342	\$ 2,686,467	\$ 1,461,652	\$ 1,123,605	\$ 1,128,318	\$ 5,693,375	\$ 502,478	\$ 1,390,279	\$ 17,271,373	\$ 1,625,014
6. Reestimated provision for losses at end of:										
Policy year	\$ 68,554,967	\$ 62,851,043	\$ 53,738,350	\$ 44,753,048	\$ 42,764,921	\$ 41,376,329	\$ 43,189,904	\$ 43,942,954	\$ 40,500,000	\$ 42,625,000
One year later		48,685,182	48,519,272	41,199,067	41,320,788	39,619,876	36,865,288	41,766,401	39,682,038	40,825,000
Two years later			44,927,773	38,318,801	40,296,443	37,563,095	36,650,001	38,360,262	36,887,556	40,802,239
Three years later				36,030,304	38,875,204	35,983,021	35,137,465	36,723,219	33,775,163	39,141,406
Four years later					36,399,974	34,548,027	34,673,181	36,330,329	31,337,995	36,425,853
Five years later						33,468,317	33,548,664	33,920,912	32,036,093	35,026,231
Six years later							32,066,645	32,991,618	30,799,794	34,306,226
Seven years later								32,279,756	30,295,313	33,646,226
Eight years later									29,382,876	32,870,391
Nine years later										32,788,757
7. Increase (decrease) in provision for losses from end of policy year		(\$14,165,861)	(\$8,810,577)	(\$8,722,744)	(\$6,364,947)	(\$7,908,012)	(\$11,123,259)	(\$11,663,198)	(\$11,117,124)	(\$8,036,243)

See accompanying independent auditors' report

Virginia Risk Sharing Association and Subsidiaries

Other Supplementary Information

Consolidated Schedule of Revenue and Expenses by Line of Coverage
Year ended June 30, 2019

	General liability	Public officials liability	Law enforcement liability	Automobile	Property	Boiler and machinery
Revenue:						
Member contributions	\$ 2,908,569	\$ 2,032,304	\$ 1,072,880	\$ 8,867,732	\$ 13,123,542	\$ 911,528
Miscellaneous income, net	10,482	7,324	3,867	31,959	24,582	1,912
Investment income	562,710	393,182	207,566	1,715,607	1,319,633	102,633
Unrealized loss on investments	851,671	595,088	314,155	2,596,600	1,997,287	155,337
Total revenue	4,333,432	3,027,898	1,598,467	13,211,898	16,465,045	1,171,411
Expenses:						
Provision for losses	1,512,726	4,026,687	230,013	8,267,343	5,096,418	357,748
Program administration fees	828,012	418,939	218,431	2,040,724	1,823,129	129,043
Excess premiums	-	-	-	-	6,302,542	381,030
Nonoperating expenses	44,040	30,772	16,245	134,269	103,279	8,032
Total expenses	2,384,777	4,476,398	464,689	10,442,336	13,325,368	875,854
Excess (deficiency) of revenue over expenses	\$1,948,655	(\$1,448,500)	\$1,133,779	\$2,769,562	\$3,139,677	\$295,557
	Fidelity and crime	Excess liability	Cyber	LODA	Workers compensation	Total
Revenue:						
Member contributions	\$ 279,315	\$ 2,645,317	\$ 369,560	\$ 2,737,991	\$ 21,035,289	\$ 55,984,027
Miscellaneous income, net	1,007	2,645	1,025	9,868	110,569	205,239
Investment income	54,038	141,975	55,026	529,709	3,863,117	8,945,197
Unrealized loss on investments	81,787	214,881	83,283	801,723	5,846,890	13,538,703
Total revenue	416,147	3,004,818	508,895	4,079,291	30,855,864	78,673,166
Expenses:						
Provision for losses	(10,095)	150,791	200,577	(3,499,944)	21,667,221	37,999,486
Program administration fees	62,944	147,262	124,052	397,587	5,080,541	11,270,664
Excess premiums	-	1,911,469	85,136	-	1,067,384	9,747,562
Nonoperating expenses	4,229	11,111	4,307	41,457	302,341	700,081
Total expenses	57,079	2,220,634	414,072	(3,060,900)	28,117,486	59,717,793
Excess (deficiency) of revenue over expenses	\$359,068	\$784,184	\$94,823	\$7,140,191	\$2,738,378	\$18,955,373

See accompanying independent auditors' report



STATISTICAL SECTION

For the period July 1, 2018 – June 30, 2019

- Change in Net Position
- Net Position by Classification
- Schedule of Revenues and Expenses by Line of Coverage
- Insurance Industry Ratios
- Total Incurred Losses by Line of Coverage
- Claims Development by Line of Coverage
- Reported Claims Analysis by Line of Coverage
- Total Ceded Loss Analysis
- Reinsurance History
- Composition of Membership

Virginia Risk Sharing Association and Subsidiaries
Change in Net Position

All Lines of Coverage Combined

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenue	57,912,267	53,168,531	54,168,836	53,868,539	54,905,708	54,747,549	53,458,868	54,282,483	54,810,081	56,189,266
Operating Expenses	63,396,908	56,963,973	55,075,468	51,706,667	45,481,754	56,354,536	58,998,937	54,757,777	60,849,411	59,017,712
Operating Income/(loss)	(5,484,641)	(3,795,442)	(906,632)	2,161,872	9,423,954	(1,606,987)	(5,540,069)	(475,294)	(6,039,330)	(2,828,446)
Total non-operating revenue and expenses	17,593,703	7,146,299	12,122,286	1,725,807	9,687,825	3,900,735	11,119,535	1,544,328	591,558	21,783,819
Change in Net Position	12,109,062	3,350,858	11,215,654	3,887,679	19,111,779	2,293,748	5,579,466	1,069,034	(5,447,772)	18,955,373

Operating Revenue

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contributions	57,412,236	52,862,974	54,020,382	53,721,867	54,771,439	54,526,441	53,295,482	54,143,947	54,718,384	55,984,027
Miscellaneous income, net	500,031	305,557	148,454	146,672	134,269	221,108	163,386	138,536	91,697	205,239
	57,912,267	53,168,531	54,168,836	53,868,539	54,905,708	54,747,549	53,458,868	54,282,483	54,810,081	56,189,266

Operating Expenses

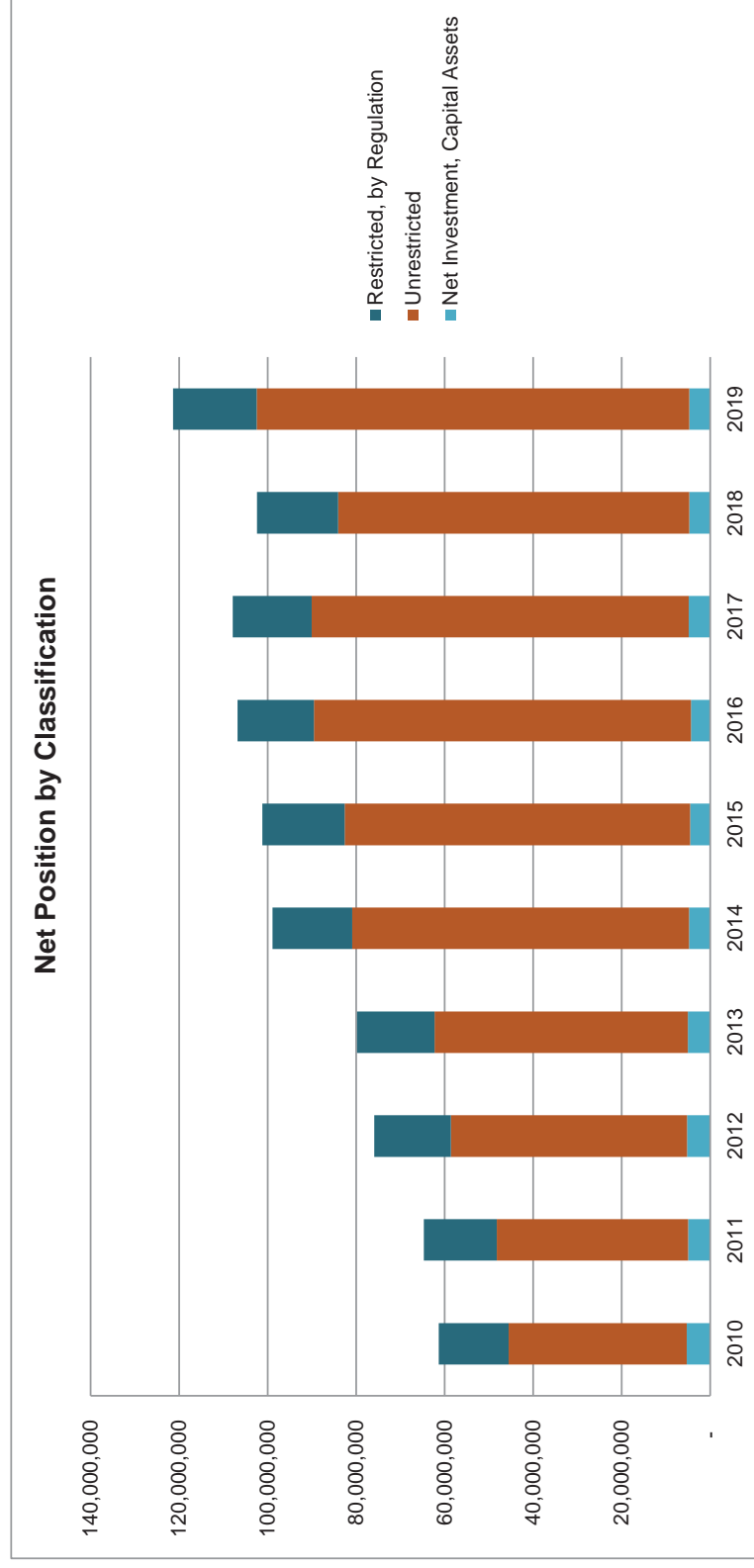
Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Ceded reinsurance	8,859,972	7,860,141	9,047,674	9,265,892	10,635,462	10,562,088	10,356,696	10,011,251	9,533,805	9,747,562
Program administrative costs	8,754,886	8,674,642	9,102,667	8,765,900	9,628,206	10,321,741	10,261,619	10,752,889	11,071,931	11,270,664
Provision for loss & LAE	45,782,050	40,429,190	36,925,127	33,674,875	25,218,086	35,470,707	38,380,622	33,993,637	40,243,675	37,999,486
	63,396,908	56,963,973	55,075,468	51,706,667	45,481,754	56,354,536	58,998,937	54,757,777	60,849,411	59,017,712

Total non-operating revenue and expenses

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Investment income	8,215,618	8,120,678	8,378,259	7,917,366	7,195,198	7,175,278	7,838,810	7,980,980	8,305,543	8,945,197
Unrealized gain/(loss)	9,918,250	(339,436)	4,389,407	(5,482,895)	3,194,848	(2,568,178)	4,104,563	(5,680,816)	(7,017,753)	13,538,703
Other expenses	540,165	634,943	645,380	708,664	702,221	706,365	823,838	755,835	696,232	700,081
	17,593,703	7,146,299	12,122,286	1,725,807	9,687,825	3,900,735	11,119,535	1,544,328	591,558	21,783,819

Virginia Risk Sharing Association and Subsidiaries
Net Position by Classification

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Investment, Capital Assets	5,281,636	5,007,648	5,243,674	5,021,022	4,816,870	4,525,562	4,378,285	4,890,570	4,717,005	4,749,907
Unrestricted	40,254,556	43,211,301	53,372,641	57,278,282	76,046,499	78,086,291	85,160,694	85,176,003	79,354,613	97,717,244
Restricted, by Regulation	15,822,049	16,490,150	17,308,438	17,513,128	18,060,842	18,606,106	17,258,446	17,799,886	18,347,069	18,906,909
Total Net Position	61,358,241	64,709,099	75,924,753	79,812,432	98,924,211	101,217,959	106,797,425	107,866,459	102,418,687	121,374,060



Virginia Risk Sharing Association and Subsidiaries
Schedule of Revenues and Expenses by Line of Coverage

All Lines of Coverage Combined

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Written premiums	57,412,236	52,862,974	54,020,382	53,721,867	54,771,439	54,526,441	53,295,482	54,143,947	54,718,384	55,984,027
Ceded reinsurance	8,859,972	7,860,141	9,047,674	9,265,892	10,635,462	10,562,088	10,356,696	10,011,251	9,533,805	9,747,562
Net premiums	48,552,264	45,002,833	44,972,708	44,455,975	44,135,977	43,964,353	42,938,786	44,132,696	45,184,579	46,236,465
Miscellaneous Income, net	500,031	305,557	148,454	146,672	134,269	221,108	163,386	138,536	91,697	205,239
Program administrative costs	8,754,886	8,674,642	9,102,667	8,765,900	9,628,206	10,321,741	10,261,619	10,752,889	11,071,931	11,270,664
Provision for loss & LAE	45,782,050	40,429,190	36,925,127	33,674,875	25,218,086	35,470,707	38,380,622	33,993,637	40,243,675	37,999,486
Operating revenue/(loss)	(5,484,641)	(3,795,442)	(906,632)	2,161,872	9,423,954	(1,606,987)	(5,540,069)	(475,294)	(6,039,330)	(2,828,446)
Investment income	8,215,618	8,120,678	8,378,259	7,917,366	7,195,198	7,175,278	7,838,810	7,980,980	8,305,543	8,945,197
Unrealized gain/(loss)	9,918,250	(339,436)	4,389,407	(5,482,895)	3,194,848	(2,568,178)	4,104,563	(5,680,816)	(7,017,753)	13,538,703
Non-operating income	18,133,868	7,781,242	12,767,666	2,434,471	10,390,046	4,607,100	11,943,373	2,300,163	1,287,790	22,483,900
Other expenses	540,165	634,943	645,380	708,663	702,221	706,365	823,838	755,835	696,232	700,081
Non-operating revenue/(loss)	17,593,703	7,146,299	12,122,286	1,725,808	9,687,825	3,900,735	11,119,535	1,544,328	591,558	21,783,819
Change in net position	12,109,062	3,350,858	11,215,654	3,887,680	19,111,779	2,293,748	5,579,466	1,069,034	(5,447,772)	18,955,373
Beginning net position balance	49,249,179	61,358,241	64,709,099	75,924,753	79,812,432	98,924,211	101,217,959	106,797,425	107,866,459	102,418,687
Ending net position balance	61,358,241	64,709,099	75,924,753	79,812,432	98,924,211	101,217,959	106,797,425	107,866,459	102,418,687	121,374,060

Workers Compensation

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Written premiums	24,693,895	22,182,244	21,884,810	20,299,909	20,919,822	20,351,394	20,083,515	20,054,717	20,845,868	21,035,289
Ceded reinsurance	1,366,754	1,054,901	1,966,676	1,012,205	1,518,664	1,610,256	1,327,043	1,021,186	846,297	1,067,384
Net premiums	23,327,141	21,127,343	19,918,134	19,287,704	19,401,158	18,741,138	18,756,472	19,033,531	19,999,571	19,967,905
Miscellaneous Income, net	412,063	278,474	148,454	141,186	127,906	207,168	155,436	72,500	41,924	110,569
Program administrative costs	5,344,326	4,027,201	4,081,541	3,882,244	4,576,250	4,828,797	4,801,354	4,963,117	4,842,347	5,080,541
Provision for loss & LAE	23,953,371	22,447,247	21,007,440	20,149,216	16,863,036	20,721,770	23,195,073	10,371,614	11,811,592	21,667,221
Operating revenue/(loss)	(5,558,493)	(5,068,631)	(5,022,393)	(4,602,570)	(1,910,223)	(6,602,260)	(9,084,519)	3,771,300	3,387,556	(6,669,288)
Investment income	5,299,565	3,812,390	3,710,679	3,435,034	3,162,843	3,058,680	3,424,140	3,442,034	3,676,195	3,863,117
Unrealized gain/(loss)	6,372,503	(159,354)	1,944,041	(2,378,813)	1,404,381	(1,094,764)	1,792,950	(2,450,020)	(3,106,193)	5,846,890
Non-operating income	11,672,068	3,653,036	5,654,720	1,056,221	4,567,225	1,963,916	5,217,091	992,014	570,001	9,710,007
Other expenses	312,789	298,085	285,835	297,707	295,083	301,109	359,868	325,976	308,166	302,341
Non-operating revenue/(loss)	11,359,279	3,354,951	5,368,885	758,514	4,272,141	1,662,807	4,857,223	666,037	261,835	9,407,666
Change in net position	5,800,786	(1,713,679)	346,492	(3,844,056)	2,361,919	(4,939,453)	(4,227,297)	4,437,337	3,649,391	2,738,378

Virginia Risk Sharing Association and Subsidiaries
Schedule of Revenues and Expenses by Line of Coverage

LODA

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Written premiums	-	-	367,550	1,027,395	1,485,866	1,805,629	2,003,715	2,417,481	2,349,383	2,737,991
Ceded reinsurance	-	-	-	-	-	-	-	-	-	-
Net premiums	-	-	367,550	1,027,395	1,485,866	1,805,629	2,003,715	2,417,481	2,349,383	2,737,991
Miscellaneous Income, net	-	-	-	-	382	998	1,083	9,529	1,904	9,868
Program administrative costs	-	-	70,406	176,986	271,697	344,564	397,405	951,094	921,546	397,587
Provision for loss & LAE	-	-	-	1,064,382	704,989	1,223,449	927,454	7,156,141	10,076,981	(3,499,944)
Operating revenue/(loss)	-	-	297,144	(213,973)	509,562	238,614	679,938	(5,680,224)	(8,647,240)	5,850,215
Investment income	-	-	68,473	182,973	242,231	294,691	365,794	437,179	431,849	529,709
Unrealized gain/(loss)	-	-	35,873	(126,712)	107,557	(105,476)	191,537	(311,181)	(364,890)	801,723
Non-operating income	-	-	104,346	56,261	349,788	189,215	557,331	125,997	66,959	1,331,432
Other expenses	-	-	5,275	16,776	24,458	29,011	38,444	41,403	36,201	41,457
Non-operating revenue/(loss)	-	-	99,071	39,485	325,330	160,204	518,887	84,595	30,758	1,289,975
Change in net position	-	-	396,215	(174,488)	834,892	398,819	1,198,825	(5,595,630)	(8,616,482)	7,140,191

Property & Liability, Overall

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Written premiums	32,718,341	30,680,730	31,768,022	32,394,563	32,365,751	32,369,418	31,208,252	31,671,749	31,523,133	32,210,747
Ceded reinsurance	7,493,218	6,805,240	7,080,998	8,253,687	9,116,798	8,951,832	9,029,653	8,990,065	8,687,508	8,680,178
Net premiums	25,225,123	23,875,490	24,687,024	24,140,876	23,248,953	23,417,586	22,178,599	22,681,684	22,835,625	23,530,569
Miscellaneous Income, net	87,968	27,083	-	5,486	5,981	12,942	6,867	56,506	47,869	84,802
Program administrative costs	3,410,560	4,647,441	4,950,720	4,706,670	4,780,259	5,148,381	5,062,860	4,838,679	5,308,039	5,792,536
Provision for loss & LAE	21,828,679	17,981,943	15,917,687	12,461,277	7,650,061	13,525,488	14,258,095	16,465,882	18,355,102	19,832,209
Operating revenue/(loss)	73,852	1,273,189	3,818,617	6,978,415	10,824,614	4,756,658	2,864,512	1,433,630	(779,646)	(2,009,374)
Investment income	2,916,053	4,308,288	4,599,107	4,299,359	3,790,124	3,821,908	4,048,876	4,101,768	4,197,500	4,552,372
Unrealized gain/(loss)	3,545,747	(180,082)	2,409,493	(2,977,370)	1,682,910	(1,367,939)	2,120,075	(2,919,615)	(3,546,670)	6,890,090
Non-operating income	6,461,800	4,128,206	7,008,600	1,321,989	5,473,034	2,453,969	6,168,951	1,182,153	650,831	11,442,461
Other expenses	227,376	336,858	354,270	394,180	382,680	376,245	425,526	388,456	351,866	356,284
Non-operating revenue/(loss)	6,234,424	3,791,348	6,654,330	927,809	5,090,354	2,077,724	5,743,425	793,696	298,965	11,086,177
Change in net position	6,308,276	5,064,537	10,472,947	7,906,224	15,914,968	6,834,382	8,607,937	2,227,326	(480,681)	9,076,804

Virginia Risk Sharing Association and Subsidiaries
Schedule of Revenues and Expenses by Line of Coverage

General Liability

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Written premiums	3,935,486	3,730,343	3,729,596	3,658,309	3,609,788	3,519,738	3,077,724	2,994,970	2,970,925	2,908,569
Ceded reinsurance	-	-	-	-	-	-	-	-	-	-
Net premiums	3,935,486	3,730,343	3,729,596	3,658,309	3,609,788	3,519,738	3,077,724	2,994,970	2,970,925	2,908,569
Miscellaneous Income, net	26,232	4,231	-	-	929	1,945	953	7,461	6,228	10,482
Program administrative costs	517,493	711,062	926,851	895,958	887,620	931,240	899,561	882,226	891,370	828,012
Provision for loss & LAE	5,540,095	2,131,034	1,458,701	430,925	148,253	2,224,737	2,002,958	3,521,446	2,656,110	1,512,726
Operating revenue/(loss)	(2,095,870)	892,478	1,344,044	2,331,426	2,574,843	365,706	176,158	(1,401,240)	(570,327)	578,313
Investment income	869,567	673,134	694,811	651,525	588,480	574,445	561,862	541,612	546,097	562,710
Unrealized gain/(loss)	1,057,342	(28,136)	364,014	(451,191)	261,300	(205,606)	294,203	(385,516)	(461,423)	851,671
Non-operating income	1,926,909	644,998	1,058,825	200,334	849,780	368,839	856,065	156,096	84,673	1,414,381
Other expenses	35,471	52,631	53,521	59,734	59,417	56,551	59,050	51,293	45,778	44,040
Non-operating revenue/(loss)	1,891,438	592,367	1,005,304	140,600	790,362	312,289	797,015	104,802	38,895	1,370,341
Change in net position	(204,432)	1,484,845	2,349,348	2,472,026	3,365,206	677,994	973,173	(1,296,438)	(531,432)	1,948,655

Public Officials Liability

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Written premiums	2,752,585	2,580,512	2,662,686	2,620,091	2,544,236	2,453,796	2,144,570	2,041,290	2,028,047	2,032,304
Ceded reinsurance	-	-	-	-	-	-	-	-	-	-
Net premiums	2,752,585	2,580,512	2,662,686	2,620,091	2,544,236	2,453,796	2,144,570	2,041,290	2,028,047	2,032,304
Miscellaneous Income, net	17,224	2,927	-	5,486	655	1,356	664	5,085	4,251	7,324
Program administrative costs	361,913	491,886	443,646	427,294	428,830	457,397	421,824	359,276	395,480	418,939
Provision for loss & LAE	11,560,368	2,364,964	1,215,414	2,551,387	1,069,988	1,378,254	2,961,460	(555,876)	3,333,169	4,026,687
Operating revenue/(loss)	(9,152,472)	(273,411)	1,003,626	(353,104)	1,046,072	619,501	(1,238,050)	2,242,974	(1,696,351)	(2,405,998)
Investment income	570,963	465,649	496,049	466,624	414,770	400,476	391,508	369,148	372,783	393,182
Unrealized gain/(loss)	694,257	(19,464)	259,882	(323,144)	184,168	(143,339)	205,002	(262,757)	(314,982)	595,088
Non-operating income	1,265,220	446,185	755,931	143,480	598,938	257,137	596,510	106,391	57,801	998,270
Other expenses	24,807	36,408	38,211	42,782	41,878	39,425	41,146	34,960	31,249	30,772
Non-operating revenue/(loss)	1,240,413	409,777	717,720	100,698	557,060	217,713	555,363	71,431	26,551	957,498
Change in net position	(7,912,059)	136,366	1,721,346	(252,406)	1,603,132	837,214	(682,687)	2,314,405	(1,669,799)	(1,448,500)

Virginia Risk Sharing Association and Subsidiaries
Schedule of Revenues and Expenses by Line of Coverage

Law Enforcement Liability

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Written premiums	1,506,379	1,408,646	1,417,316	1,366,735	1,334,897	1,322,877	1,152,922	1,091,175	1,044,900	1,072,880
Ceded reinsurance	-	-	-	-	-	-	-	-	-	-
Net premiums	1,506,379	1,408,646	1,417,316	1,366,735	1,334,897	1,322,877	1,152,922	1,091,175	1,044,900	1,072,880
Miscellaneous Income, net	7,046	1,598	-	-	343	731	357	2,718	2,190	3,867
Program administrative costs	198,041	268,510	236,148	222,892	224,996	223,831	203,550	185,026	202,017	218,431
Provision for loss & LAE	(3,689,484)	3,088,478	2,900,101	(640,352)	(1,368,929)	611,223	(604,092)	3,769,145	805,427	230,013
Operating revenue/(loss)	5,004,868	(1,946,744)	(1,718,933)	1,784,195	2,479,173	488,554	1,553,822	(2,860,278)	39,647	628,303
Investment income	233,576	254,188	264,041	243,408	217,619	215,902	210,475	197,329	192,067	207,566
Unrealized gain/(loss)	284,014	(10,625)	138,332	(168,564)	96,628	(77,276)	110,209	(140,457)	(162,287)	314,155
Non-operating income	517,590	243,563	402,373	74,844	314,248	138,627	320,684	56,871	29,780	521,721
Other expenses	13,574	19,875	20,339	22,316	21,973	21,254	22,120	18,688	16,100	16,245
Non-operating revenue/(loss)	504,016	223,688	382,034	52,528	292,275	117,372	298,564	38,183	13,680	505,476
Change in net position	5,508,884	(1,723,056)	(1,336,899)	1,836,723	2,771,448	605,926	1,852,385	(2,822,095)	53,327	1,133,779

Automobile

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Written premiums	9,724,190	9,257,227	9,403,243	9,341,596	9,162,033	8,953,955	8,181,996	8,092,621	8,326,381	8,867,732
Ceded reinsurance	206,448	-	-	-	-	-	-	-	-	-
Net premiums	9,517,742	9,257,227	9,403,243	9,341,596	9,162,033	8,953,955	8,181,996	8,092,621	8,326,381	8,867,732
Miscellaneous Income, net	31,194	10,501	-	-	2,357	4,948	2,533	20,161	17,454	31,959
Program administrative costs	1,251,601	1,764,572	1,717,806	1,674,903	1,739,986	1,824,453	1,729,176	1,551,114	1,792,581	2,040,724
Provision for loss & LAE	5,056,411	7,230,943	6,413,867	6,017,276	4,543,371	5,267,814	6,175,320	4,868,939	6,524,559	8,267,343
Operating revenue/(loss)	3,240,924	272,213	1,271,570	1,649,417	2,881,033	1,866,636	280,033	1,692,729	26,696	(1,408,376)
Investment income	1,034,033	1,670,450	1,751,791	1,663,687	1,493,626	1,461,346	1,493,687	1,463,474	1,530,503	1,715,607
Unrealized gain/(loss)	1,257,322	(69,823)	917,771	(1,152,128)	663,207	(523,045)	782,125	(1,041,692)	(1,293,195)	2,596,600
Non-operating income	2,291,355	1,600,627	2,669,562	511,559	2,156,833	938,300	2,275,813	421,781	237,307	4,312,207
Other expenses	85,789	130,610	134,941	152,533	150,808	143,861	156,982	138,598	128,298	134,269
Non-operating revenue/(loss)	2,205,566	1,470,017	2,534,621	359,026	2,006,025	794,439	2,118,830	283,184	109,009	4,177,938
Change in net position	5,446,490	1,742,230	3,806,191	2,008,443	4,887,058	2,661,075	2,398,863	1,975,912	135,705	2,769,562

Virginia Risk Sharing Association and Subsidiaries
Schedule of Revenues and Expenses by Line of Coverage

Property

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Written premiums	9,855,515	8,985,238	9,579,544	10,513,974	10,875,910	11,288,076	12,190,146	13,110,014	12,682,673	13,123,542
Ceded reinsurance	3,638,202	3,341,673	3,751,357	4,375,017	5,282,784	5,175,746	5,658,780	6,025,635	5,817,904	6,302,542
Net premiums	6,217,313	5,643,565	5,828,187	6,138,957	5,593,126	6,112,330	6,531,366	7,084,379	6,864,769	6,821,000
Miscellaneous Income, net	5,164	6,402	-	-	1,439	3,378	2,022	17,649	14,390	24,582
Program administrative costs	911,003	1,172,151	1,303,897	1,270,994	1,309,506	1,511,441	1,590,781	1,604,842	1,700,291	1,823,129
Provision for loss & LAE	2,701,039	2,905,342	3,178,867	3,969,644	3,043,826	3,711,916	3,489,904	4,570,346	4,366,024	5,096,418
Operating revenue/(loss)	2,610,435	1,572,474	1,345,423	898,319	1,241,233	892,350	1,452,704	926,841	812,844	(73,965)
Investment income	171,172	1,018,369	1,085,772	1,093,316	911,811	997,573	1,192,352	1,281,143	1,261,838	1,319,633
Unrealized gain/(loss)	208,135	(42,566)	568,843	(757,136)	404,867	(357,052)	624,340	(911,910)	(1,066,188)	1,997,287
Non-operating income	379,307	975,803	1,654,615	336,180	1,316,677	640,522	1,816,692	369,233	195,650	3,316,920
Other expenses	56,047	79,624	83,637	100,238	92,063	98,205	125,313	121,330	105,777	103,279
Non-operating revenue/(loss)	323,260	896,179	1,570,978	235,942	1,224,614	542,316	1,691,379	247,903	89,874	3,213,641
Change in net position	2,933,695	2,468,653	2,916,401	1,134,261	2,465,847	1,434,667	3,144,083	1,174,743	902,718	3,139,677

Boiler & Machinery

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Written premiums	707,824	670,487	687,668	730,566	771,354	811,366	867,745	913,712	884,471	911,528
Ceded reinsurance	178,002	182,316	153,251	185,574	257,559	260,629	356,676	385,867	350,559	381,030
Net premiums	529,822	488,171	534,417	544,992	513,795	550,737	511,069	527,845	533,912	530,498
Miscellaneous Income, net	651	554	-	-	132	304	158	1,315	1,119	1,912
Program administrative costs	69,663	93,053	115,426	115,581	100,720	111,118	109,127	107,794	120,348	129,043
Provision for loss & LAE	528,597	226,317	146,146	91,605	277,515	253,245	239,653	90,880	406,806	357,748
Operating revenue/(loss)	(67,787)	169,355	272,845	337,806	135,692	186,678	162,447	330,487	7,877	45,618
Investment income	21,579	88,090	99,560	97,060	83,761	89,884	93,300	95,456	98,140	102,633
Unrealized gain/(loss)	26,239	(3,682)	52,160	(67,216)	37,192	(32,171)	48,854	(67,945)	(82,923)	155,337
Non-operating income	47,818	84,408	151,720	29,844	120,952	57,713	142,153	27,511	15,217	257,971
Other expenses	4,775	6,888	7,669	8,899	8,457	8,849	9,806	9,040	8,227	8,032
Non-operating revenue/(loss)	43,043	77,520	144,051	20,945	112,495	48,864	132,348	18,471	6,990	249,938
Change in net position	(24,744)	246,875	416,896	358,751	248,188	235,542	294,795	348,957	14,867	295,557

Virginia Risk Sharing Association and Subsidiaries
Schedule of Revenues and Expenses by Line of Coverage

Fidelity & Crime

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Written premiums	301,325	287,759	301,670	301,739	298,819	299,304	300,405	297,756	276,779	279,315
Ceded reinsurance	57,027	42,808	42,808	41,608	44,828	-	-	-	-	-
Net premiums	244,298	244,951	258,862	260,131	253,991	299,304	300,405	297,756	276,779	279,315
Miscellaneous Income, net	378	278	-	-	65	165	93	742	580	1,007
Program administrative costs	32,178	46,691	64,870	64,769	48,640	56,332	60,274	56,302	57,273	62,944
Provision for loss & LAE	54,415	56,428	604,626	(118,984)	7,512	78,298	(7,109)	201,002	112,023	(10,095)
Operating revenue/(loss)	158,083	142,110	(410,634)	314,346	197,905	164,839	247,333	41,194	108,064	227,472
Investment income	12,539	44,201	48,225	46,328	41,406	48,848	54,841	53,846	50,876	54,038
Unrealized gain/(loss)	15,247	(1,848)	25,265	(32,083)	18,386	(17,484)	28,716	(38,328)	(42,987)	81,787
Non-operating income	27,786	42,353	73,490	14,245	59,792	31,365	83,557	15,519	7,888	135,825
Other expenses	2,206	3,456	3,715	4,248	4,181	4,809	5,764	5,099	4,265	4,229
Non-operating revenue/(loss)	25,580	38,897	69,775	9,997	55,611	26,556	77,794	10,419	3,624	131,596
Change in net position	183,663	181,007	(340,859)	324,343	253,516	191,395	325,127	51,613	111,687	359,068

Excess Liability

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Written premiums	3,935,037	3,760,518	3,986,299	3,861,553	3,768,714	3,720,306	3,292,744	3,130,211	2,990,185	2,645,317
Ceded reinsurance	3,413,539	3,238,443	3,133,582	3,651,488	3,531,627	3,515,457	3,014,197	2,578,563	2,450,333	1,911,469
Net premiums	521,498	522,075	852,717	210,065	237,087	204,849	278,547	551,648	539,852	733,848
Miscellaneous Income, net	79	592	-	-	61	113	86	1,374	1,132	2,645
Program administrative costs	68,668	99,516	142,076	34,279	39,961	32,568	48,569	92,098	98,440	147,262
Provision for loss & LAE	77,238	(21,563)	(35)	159,776	(71,476)	-	-	-	-	150,791
Operating revenue/(loss)	375,671	444,714	710,676	16,010	268,663	172,394	230,065	460,924	442,544	438,440
Investment income	2,624	94,207	158,858	37,411	38,651	33,433	50,851	99,760	99,232	141,975
Unrealized gain/(loss)	3,191	(3,938)	83,226	(25,908)	17,162	(11,966)	26,627	(71,009)	(83,846)	214,881
Non-operating income	5,815	90,269	242,084	11,503	55,813	21,466	77,478	28,751	15,386	356,856
Other expenses	4,707	7,366	12,237	3,430	3,902	3,291	5,344	9,448	8,318	11,111
Non-operating revenue/(loss)	1,108	82,903	229,847	8,073	51,910	18,175	72,133	19,304	7,068	345,745
Change in net position	376,779	527,617	940,523	24,083	320,573	190,570	302,198	480,228	449,612	784,184

Virginia Risk Sharing Association and Subsidiaries
Schedule of Revenues and Expenses by Line of Coverage

Cyber

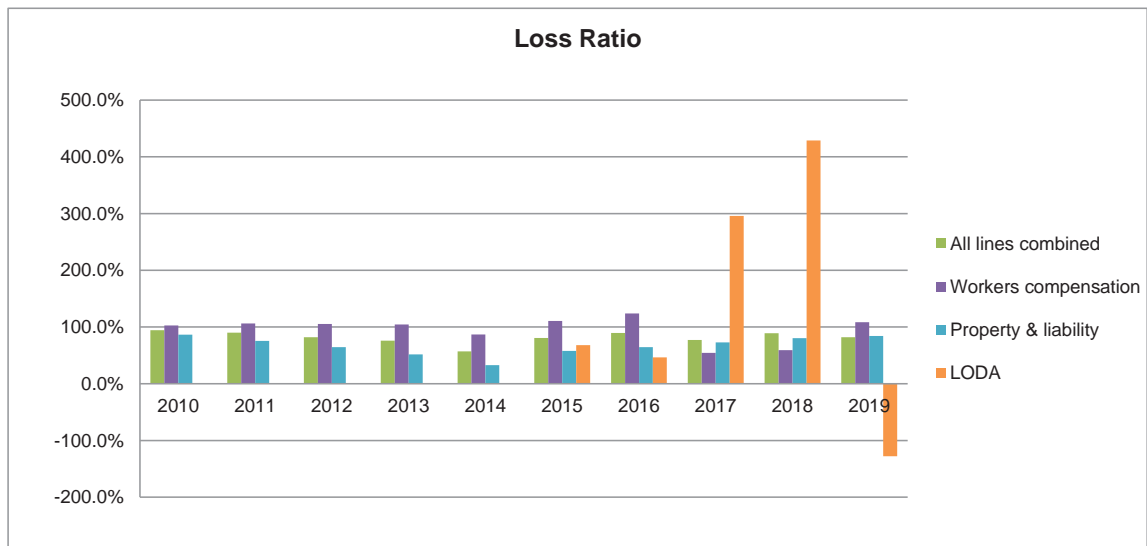
Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Written premiums	-	-	-	-	-	-	-	-	318,772	369,560
Ceded reinsurance	-	-	-	-	-	-	-	-	68,712	85,136
Net premiums	-	-	-	-	-	-	-	-	250,060	284,424
Miscellaneous Income, net	-	-	-	-	-	-	-	-	524	1,025
Program administrative costs	-	-	-	-	-	-	-	-	50,240	124,052
Provision for loss & LAE	-	-	-	-	-	-	-	-	150,985	200,577
Operating revenue/(loss)	-	-	-	-	-	-	-	-	49,360	(39,181)
Investment income	-	-	-	-	-	-	-	-	45,964	55,026
Unrealized gain/(loss)	-	-	-	-	-	-	-	-	(38,838)	83,283
Non-operating income	-	-	-	-	-	-	-	-	7,127	138,310
Other expenses	-	-	-	-	-	-	-	-	3,853	4,307
Non-operating revenue/(loss)	-	-	-	-	-	-	-	-	3,274	134,003
Change in net position	-	-	-	-	-	-	-	-	52,634	94,823

Virginia Risk Sharing Association and Subsidiaries
Insurance Industry Ratios
All Lines of Coverage Combined

Loss Ratio

Calculation: Provision for loss & LAE / Net Premiums

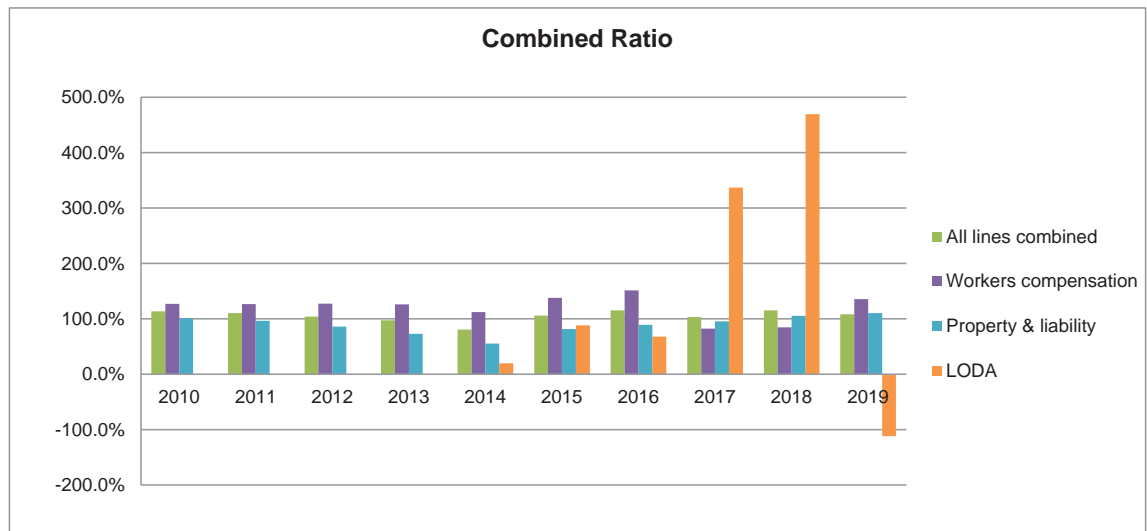
Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All lines combined	94.29%	89.84%	82.11%	75.75%	57.14%	80.68%	89.38%	77.03%	89.07%	82.19%
Workers compensation	102.68%	106.25%	105.47%	104.47%	86.92%	110.57%	123.66%	54.49%	59.06%	108.51%
Property & liability	86.54%	75.32%	64.48%	51.62%	32.90%	57.76%	64.29%	72.60%	80.38%	84.28%
LODA						67.76%	46.29%	296.02%	428.92%	-127.83%



Combined Ratio

Calculation: Loss Ratio + ((Program Admin Costs + Other Expenses) / Net Premiums)

Fiscal Year ending June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All lines combined	113.44%	110.52%	103.78%	97.06%	80.54%	105.76%	115.20%	103.10%	115.11%	108.08%
Workers compensation	126.94%	126.72%	127.40%	126.14%	112.03%	137.94%	151.18%	82.28%	84.81%	135.47%
Property & liability	100.96%	96.19%	85.97%	72.75%	55.11%	81.35%	89.03%	95.64%	105.16%	110.41%
LODA					19.93%	88.45%	68.04%	337.07%	469.69%	-111.79%

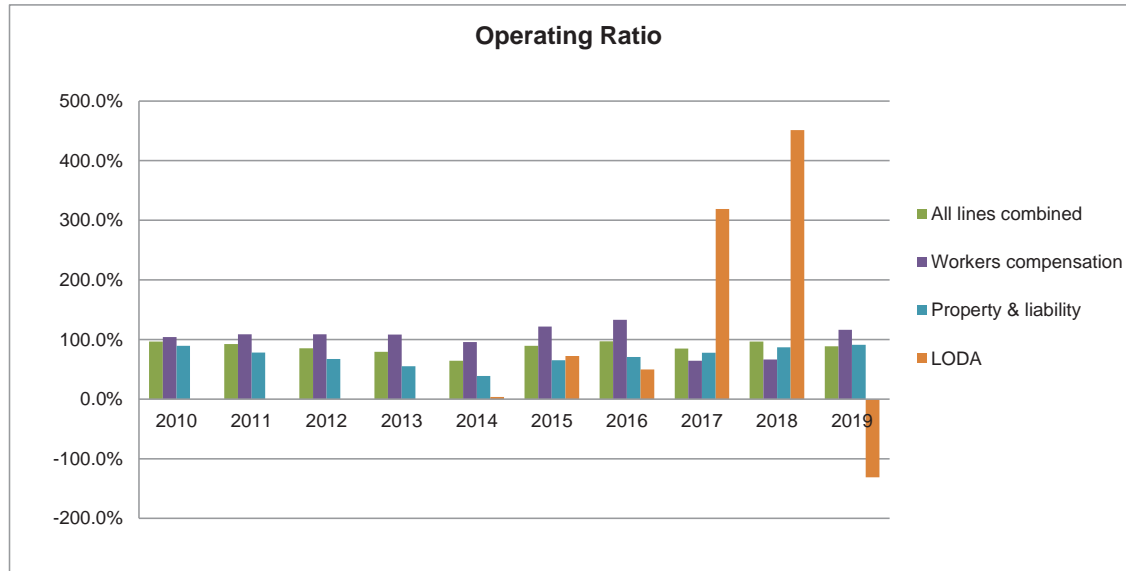


Virginia Risk Sharing Association and Subsidiaries
Insurance Industry Ratios
All Lines of Coverage Combined

Operating Ratio

Calculation: Combined Ratio - (Investments / Net Premiums)

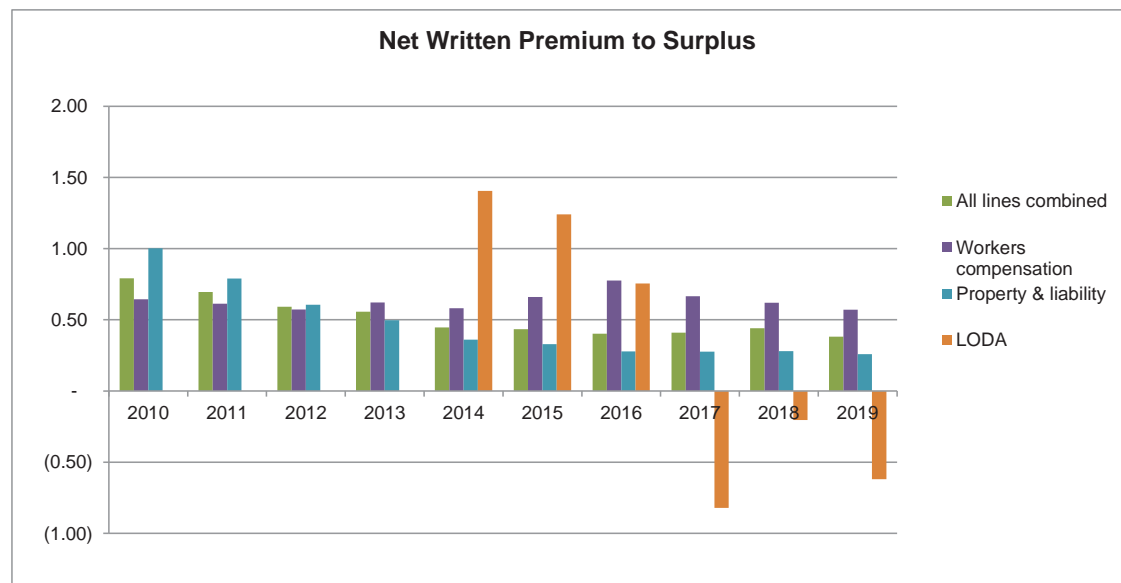
Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
All lines combined	96.52%	92.48%	85.15%	79.25%	64.24%	89.44%	96.95%	85.02%	96.73%	88.73%
Workers compensation	104.22%	108.68%	108.77%	108.33%	95.72%	121.62%	132.93%	64.20%	66.43%	116.12%
Property & liability	89.40%	78.15%	67.34%	54.94%	38.81%	65.03%	70.78%	77.56%	86.78%	91.07%
LODA					3.63%	72.13%	49.78%	318.99%	451.30%	-131.14%



Net written premium to surplus

Calculation: Net Premiums / Ending Net Position

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
All lines combined	0.79	0.70	0.59	0.56	0.45	0.43	0.40	0.41	0.44	0.38
Workers compensation	0.64	0.61	0.57	0.62	0.58	0.66	0.78	0.66	0.62	0.57
Property & liability	1.00	0.79	0.61	0.50	0.36	0.33	0.28	0.28	0.28	0.26
LODA					1.41	1.24	0.75	(0.82)	(0.20)	(0.62)

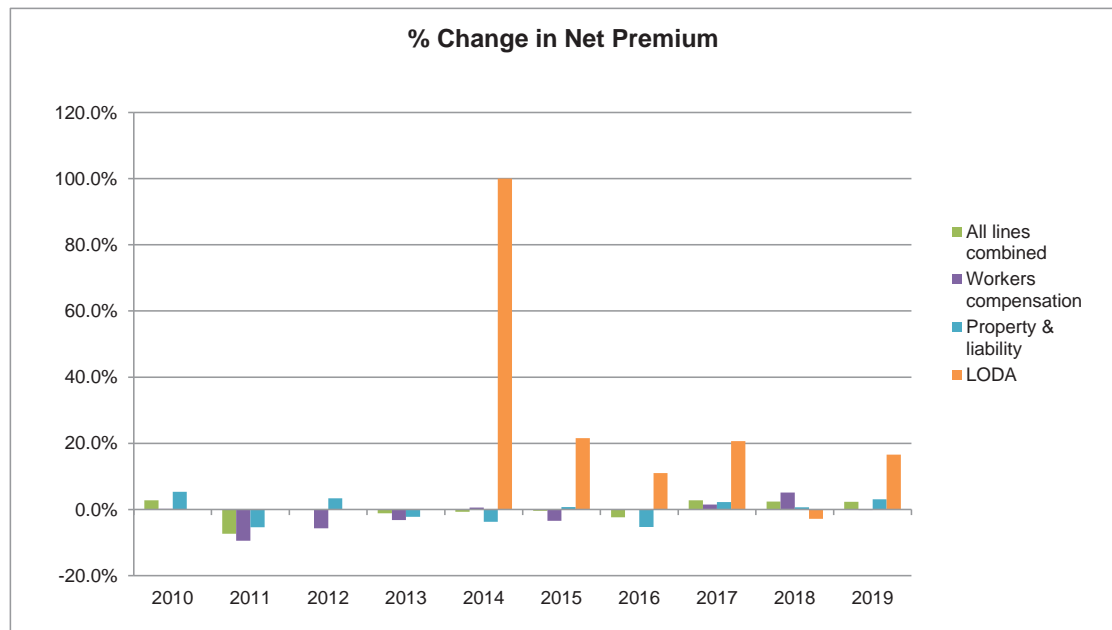


Virginia Risk Sharing Association and Subsidiaries
Insurance Industry Ratios
All Lines of Coverage Combined

Change in net written premium

Calculation: $-1 + (\text{Current Year Premiums} / \text{Prior Year Premiums})$

Fiscal Year ending June 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
All lines combined	2.77%	-7.31%	-0.07%	-1.15%	-0.72%	-0.39%	-2.33%	2.78%	2.38%	2.33%
Workers compensation	0.18%	-9.43%	-5.72%	-3.17%	0.59%	-3.40%	0.08%	1.48%	5.08%	-0.16%
Property & liability	5.30%	-5.35%	3.40%	-2.21%	-3.69%	0.73%	-5.29%	2.27%	0.68%	3.04%
LODA					100.00%	21.52%	10.97%	20.65%	-2.82%	16.54%



**Virginia Risk Sharing Association and Subsidiaries
Total Incurred Losses by Line by Coverage**

	Auto Liability	Auto Physical	Boiler & Machinery	Fidelity & Crime	General Liability	Property/Inland Marine	Public Officials/ Law Enforcement	CYBER	LODA	Workers Compensation	Total All Lines
Total Incurred Losses as of June 30,											
2019	101,686,887	33,235,168	3,607,151	1,516,323	51,712,198	60,964,420	59,559,405	350,000	16,829,255	522,613,690	852,074,497
2018	95,538,771	30,966,261	3,250,847	1,526,851	50,210,961	55,884,551	55,316,041	150,000	20,138,283	501,456,084	814,438,650
2017	90,751,937	29,358,313	2,846,667	1,415,813	47,560,961	51,554,093	51,212,081	-	10,513,350	489,536,347	774,749,562
2016	87,760,469	27,397,505	2,756,024	1,215,001	44,023,002	47,002,421	48,011,002	-	3,863,004	479,611,795	741,640,223
2015	83,930,769	25,496,345	2,518,261	1,223,370	42,073,002	43,553,479	45,682,539	-	2,942,519	456,725,483	704,145,767
2014	80,281,514	23,735,976	2,271,941	1,147,380	39,973,002	39,956,985	43,807,539	-	1,744,807	436,489,579	669,408,723
2013	77,306,771	22,089,361	1,994,549	1,139,904	39,769,256	36,876,968	44,075,000	-	1,039,904	419,636,544	643,928,257
2012	72,407,080	20,535,790	1,857,063	1,113,009	38,420,719	32,339,982	41,000,001	-	-	399,775,642	607,449,286
2011	68,361,956	19,025,467	1,765,393	672,926	38,078,949	29,956,208	38,300,000	-	-	377,720,189	573,881,088
2010	62,987,270	17,330,589	1,541,380	617,074	35,970,540	27,091,191	32,900,000	-	-	357,064,052	535,502,096

% Change from Prior Year by Line

2019	6.44%	7.33%	10.96%	-0.69%	2.99%	9.09%	7.67%	-	-16.43%	4.22%	4.62%
2018	5.27%	5.48%	14.20%	7.84%	5.57%	8.40%	8.01%	-	91.55%	2.43%	5.12%
2017	3.41%	7.16%	3.29%	16.53%	8.04%	9.68%	6.67%	-	172.15%	2.07%	4.46%
2016	4.56%	7.46%	9.44%	-0.68%	4.63%	7.92%	5.10%	-	-	5.01%	5.32%
2015	4.55%	7.42%	10.84%	6.62%	5.25%	9.00%	4.28%	-	-	4.64%	5.19%
2014	3.85%	7.45%	13.91%	0.66%	0.51%	8.35%	-0.61%	-	-	4.02%	3.96%
2013	6.77%	7.57%	7.40%	2.42%	3.51%	14.03%	7.50%	-	-	4.97%	6.01%
2012	5.92%	7.94%	5.19%	65.40%	0.90%	7.96%	7.05%	-	-	5.84%	5.85%
2011	8.53%	9.78%	14.53%	9.05%	5.86%	10.58%	16.41%	-	-	5.78%	7.17%

Total Net Paid Losses as of June 30,

2019	87,014,316	32,656,513	3,315,537	1,264,510	42,635,441	58,629,303	44,322,025	59,631	1,684,364	391,434,010	663,015,650
2018	82,015,943	30,542,180	3,027,146	1,206,037	39,989,824	53,129,812	40,617,580	1,971	981,417	378,195,546	629,707,456
2017	78,086,105	28,880,271	2,723,563	1,092,373	37,523,395	47,350,135	37,576,040	-	397,453	364,903,021	598,532,356
2016	74,064,556	26,742,745	2,621,002	921,158	35,000,472	44,871,552	33,812,457	-	304,776	352,289,114	570,627,832
2015	71,319,610	25,205,715	2,401,242	834,135	33,183,639	39,398,685	31,421,471	-	174,177	337,778,903	541,717,577
2014	65,775,331	23,101,284	2,135,121	749,643	31,221,064	36,733,563	28,859,624	-	61,352	323,980,663	512,617,645
2013	60,870,421	21,673,566	1,867,170	749,063	29,040,431	33,535,426	26,490,730	-	6,502	310,681,622	484,914,931
2012	57,209,909	20,318,201	1,758,149	726,389	26,721,630	30,638,886	24,866,878	-	-	296,410,129	458,650,171
2011	52,799,157	18,724,649	1,584,110	542,011	24,605,463	27,125,386	22,994,428	-	-	283,320,697	431,695,901
2010	47,490,515	17,025,296	986,228	409,286	22,051,516	25,657,077	19,808,647	-	-	268,039,095	401,467,660

% Change from Prior Year by Line

2019	6.09%	6.92%	9.53%	4.85%	6.62%	10.35%	9.12%	-	71.63%	3.50%	5.29%
2018	5.03%	5.75%	11.15%	10.41%	6.57%	12.21%	8.09%	-	146.93%	3.64%	5.21%
2017	5.43%	7.99%	3.91%	18.59%	7.21%	5.52%	11.13%	-	30.41%	3.58%	4.89%
2016	3.85%	6.10%	9.15%	10.43%	5.48%	13.89%	7.61%	-	-	4.30%	5.34%
2015	8.43%	9.11%	12.46%	11.27%	6.29%	7.26%	8.88%	-	-	4.26%	5.68%
2014	8.06%	6.59%	14.35%	0.08%	7.51%	9.54%	8.94%	-	-	4.28%	5.71%
2013	6.40%	6.67%	6.20%	3.12%	8.68%	9.45%	6.53%	-	-	4.81%	5.73%
2012	8.35%	8.51%	10.99%	34.02%	8.60%	12.95%	8.14%	-	-	4.62%	6.24%
2011	11.18%	9.98%	60.62%	32.43%	11.58%	5.72%	16.08%	-	-	5.70%	7.53%

Total Outstanding Losses as of June 30,

2019	14,672,571	578,655	291,614	251,813	9,076,757	2,335,117	15,237,380	290,369	15,144,891	131,179,680	189,058,847
2018	13,522,828	424,081	223,701	320,814	10,221,137	2,754,739	14,698,461	148,029	19,156,866	123,260,538	184,731,194
2017	12,665,832	478,042	123,104	323,440	10,037,566	4,203,958	13,636,041	-	10,115,897	124,633,326	176,217,206
2016	13,695,913	654,760	135,022	293,843	9,022,530	2,130,869	14,198,545	-	3,558,228	127,322,681	171,012,391
2015	12,611,159	290,630	117,019	389,235	8,889,363	4,154,794	14,261,068	-	2,768,342	118,946,580	162,428,190
2014	14,506,183	634,692	136,820	397,737	8,751,938	3,223,422	14,947,915	-	1,683,455	112,508,916	156,791,078
2013	16,436,350	415,795	127,379	390,841	10,728,825	3,341,542	17,584,270	-	1,033,402	108,954,922	159,013,326
2012	15,197,171	217,589	98,914	386,620	11,699,089	1,701,096	16,133,123	-	-	103,365,513	148,799,115
2011	15,562,799	300,818	181,283	130,915	13,473,486	2,830,822	15,305,572	-	-	94,399,492	142,185,187
2010	15,496,755	305,293	555,152	207,788	13,919,024	1,434,114	13,091,353	-	-	89,024,957	134,034,436

% Change from Prior Year by Line

2019	8.50%	36.45%	30.36%	-21.51%	-11.20%	-15.23%	3.67%	-	-20.94%	6.42%	2.34%
2018	6.77%	-11.29%	81.72%	-0.81%	1.83%	-34.47%	7.79%	-	89.37%	-1.10%	4.83%
2017	-7.52%	-26.99%	-8.83%	10.07%	11.25%	97.29%	-3.96%	-	184.30%	-2.11%	3.04%
2016	8.60%	125.29%	15.38%	-24.51%	1.50%	-48.71%	-0.44%	-	-	7.04%	5.28%
2015	-13.06%	-54.21%	-14.47%	-2.14%	1.57%	28.89%	-4.59%	-	-	5.72%	3.60%
2014	-11.74%	52.65%	7.41%	1.76%	-18.43%	-3.53%	-14.99%	-	-	3.26%	-1.40%
2013	8.15%	91.09%	28.78%	1.09%	-8.29%	96.43%	8.99%	-	-	5.41%	6.86%
2012	-2.35%	-27.67%	-45.44%	195.32%	-13.17%	-39.91%	5.41%	-	-	9.50%	4.65%
2011	0.43%	-1.47%	-67.35%	-37.00%	-3.20%	97.39%	16.91%	-	-	6.04%	6.08%

Total incurred losses = Total outstanding losses + Total net paid losses

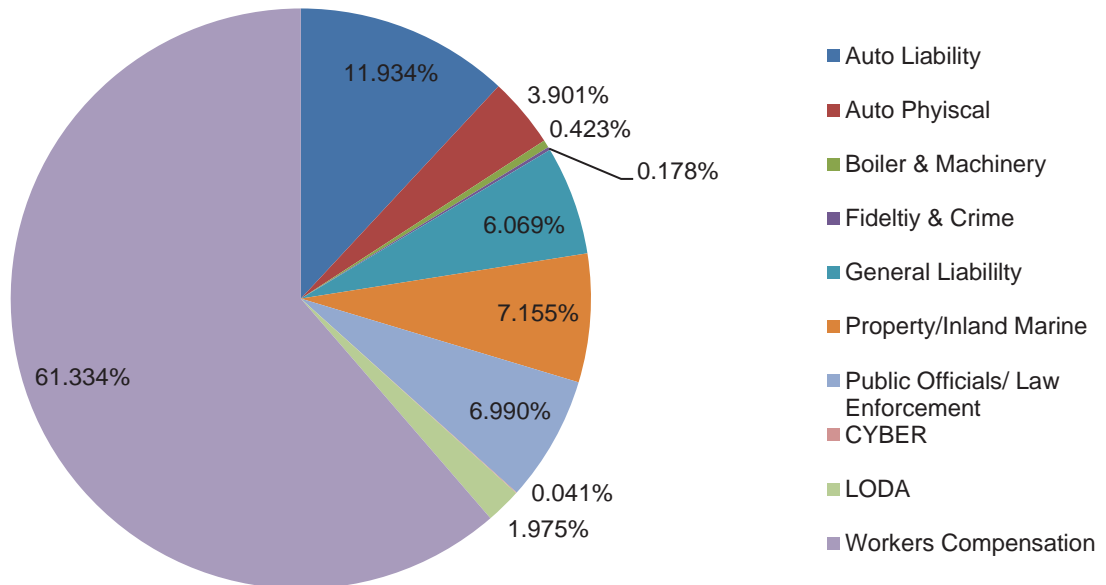
Total incurred losses = Total estimated cost (paid and unpaid) of all claims as indicated by actuary

Total outstanding losses = Case reserves on individual claims + incurred but not reported reserves as indicated by actuary

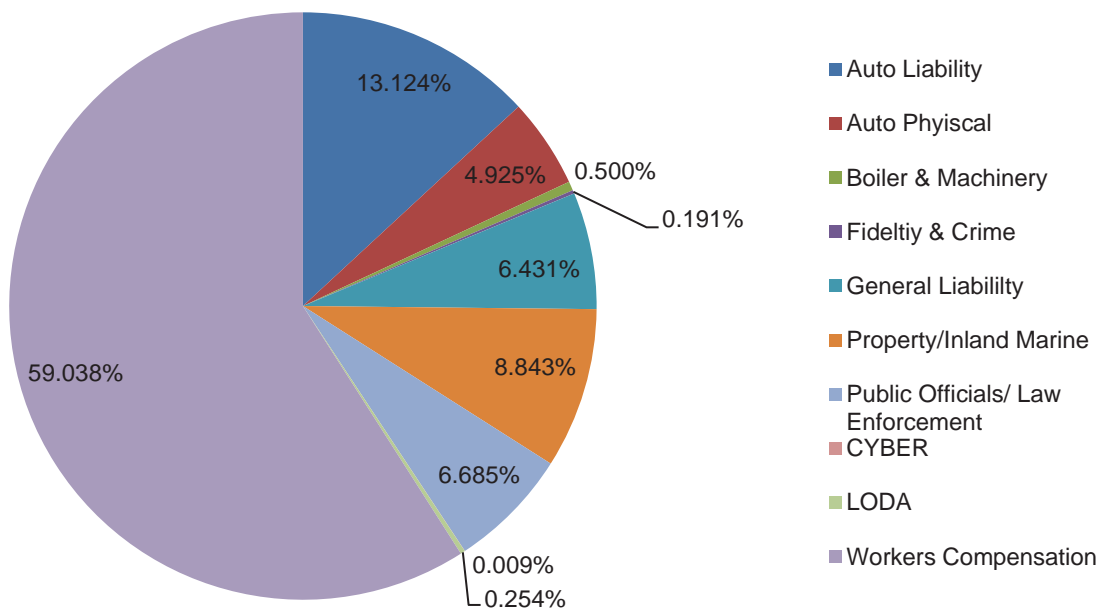
Total net paid losses = Expenses paid on individual claims less recoveries received

Virginia Risk Sharing Association and Subsidiaries
Total Incurred Losses by Line by Coverage (continued)

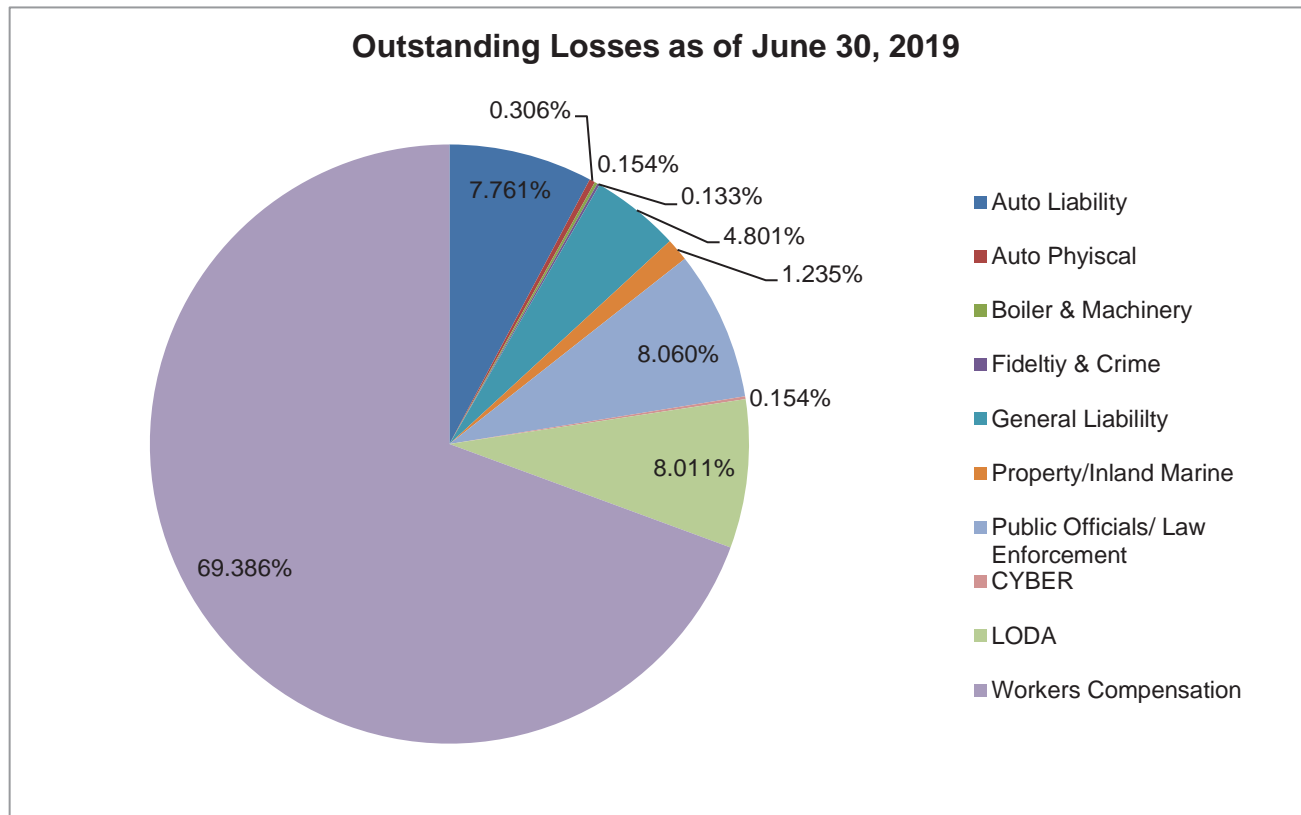
Incurred Losses as of June 30, 2019



Net Paid Losses as of June 30, 2019



VML Insurance Programs and Subsidiary
Total Incurred Losses by Line by Coverage (continued)



Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
As of fiscal and policy years ended June 30,

WORKERS COMPENSATION		2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
1. Premiums																					
	Earned	\$	21,035,289	\$	20,845,868	\$	20,054,717	\$	20,083,515	\$	20,351,394	\$	20,919,822	\$	20,299,909	\$	21,884,810	\$	22,182,244	\$	24,693,895
	Ceded		1,067,385		846,297		1,021,186		1,327,043		1,610,256		1,518,664		1,012,206		1,966,676		1,054,901		1,366,754
	Net earned		19,967,904		19,999,571		19,033,531		18,756,472		18,741,138		19,401,158		19,287,703		19,918,134		21,127,343		23,327,141
2. Initial estimated total incurred losses																					
	Incurred	\$	29,128,146	\$	21,099,392	\$	20,950,000	\$	24,678,739	\$	21,250,000	\$	20,064,438	\$	21,250,000	\$	20,519,485	\$	19,250,000	\$	21,850,000
	Ceded		3,078,146		249,392		-		178,739		-		314,438		-		269,485		-		1,000,000
	Net incurred		26,050,000		20,850,000		20,950,000		24,500,000		21,250,000		19,750,000		21,250,000		20,250,000		19,250,000		20,850,000
3. Paid losses (cumulative)																					
	Policy year	\$	5,366,802	\$	5,065,356	\$	4,799,580	\$	4,113,698	\$	4,271,153	\$	4,163,479	\$	4,489,944	\$	3,673,834	\$	4,421,230	\$	4,809,984
	One year later				8,978,307		8,815,542		7,385,864		8,497,761		7,727,166		8,423,107		7,806,967		8,891,354		9,665,868
	Two years later						10,194,407		9,288,792		9,791,484		9,300,495		10,220,089		9,839,912		10,421,493		11,356,101
	Three years later								10,013,751		10,062,087		10,197,695		11,655,391		11,172,894		10,896,971		12,937,689
	Four years later										10,233,482		10,336,571		12,013,509		11,973,001		11,102,333		13,041,397
	Five years later												10,424,071		12,269,879		12,278,538		11,628,284		13,168,153
	Six years later														12,462,290		12,567,085		11,875,507		13,409,669
	Seven years later																12,591,561		12,147,520		13,549,026
	Eight years later																		12,547,007		13,667,543
	Nine years later																				13,730,631
4. Re-estimated ceded losses		\$	3,078,146	\$	-	\$	-	\$	104,657	\$	-	\$	230,327	\$	292,998	\$	1,066,755	\$	-	\$	-
5. Re-estimated total incurred losses																					
	Policy year	\$	26,050,000	\$	20,850,000	\$	20,950,000	\$	24,500,000	\$	21,250,000	\$	19,750,000	\$	21,250,000	\$	20,250,000	\$	19,250,000	\$	20,850,000
	One year later				20,350,000		20,650,000		21,250,000		20,350,000		19,600,000		20,000,000		20,575,000		20,250,000		20,650,000
	Two years later						19,400,000		19,800,000		18,950,000		19,100,000		19,550,000		19,450,000		19,500,000		21,350,000
	Three years later								18,300,000		18,050,000		18,125,000		19,400,000		19,490,000		18,550,000		21,650,000
	Four years later										17,300,000		17,175,000		18,900,000		19,450,000		17,575,000		20,700,000
	Five years later												16,425,000		18,200,000		18,700,000		18,100,000		19,995,000
	Six years later														17,950,000		18,275,000		18,200,000		19,750,000
	Seven years later																18,025,000		18,200,000		19,425,000
	Eight years later																		17,550,000		19,035,000
	Nine years later																				19,135,000
6. Increase (decrease) in total incurred losses from end of policy year		\$	(500,000)	\$	(500,000)	\$	(1,550,000)	\$	(6,200,000)	\$	(3,950,000)	\$	(3,325,000)	\$	(3,300,000)	\$	(2,225,000)	\$	(1,700,000)	\$	(1,715,000)

Virginia Risk Sharing Association and Subsidiaries
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As of fiscal and policy years ended June 30,

<u>LODA</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
1. Premiums										
Earned	\$ 2,737,991	\$ 2,349,383	\$ 3,130,211	\$ 2,003,715	\$ 1,805,629	\$ 1,485,866	\$ 1,027,395	\$ 367,550		
Ceded	-	-	-	-	-	-	-	-		
Net earned	2,737,991	2,349,383	551,648	2,003,715	1,805,629	1,485,866	1,027,395	367,550		
2. Initial estimated total incurred losses										
Incurred	\$ 2,174,078	\$ 6,999,685	\$ 4,591,978	\$ 553,048	\$ 1,114,921	\$ 176,329	\$ 1,039,904	\$ -		
Ceded	-	-	-	-	-	-	-	-		
Net incurred	2,174,078	6,999,685	4,591,978	553,048	1,114,921	176,329	1,039,904	-		
3. Paid losses (cumulative)										
Policy year	\$ 110,345	\$ 219,524	\$ 23,531	\$ 45,023	\$ 83,348	\$ 5,762	\$ 6,502	\$ -		
One year later		458,625	185,197	54,490	135,837	7,190.00	55,589	-		
Two years later			346,940	94,113	168,438	8,843.00	83,640	-		
Three years later				130,813	223,132	10,031.00	115,073	-		
Four years later					273,097	38,231	140,963	-		
Five years later						66,431	221,220	-		
Six years later							298,113	-		
Seven years later								-		
Eight years later								-		
Nine years later								-		
4. Re-estimated ceded losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
5. Re-estimated total incurred losses										
Policy year	\$ 2,174,078	\$ 6,999,685	\$ 4,591,978	\$ 553,048	\$ 1,114,921	\$ 176,329	\$ 1,039,904	\$ -		
One year later		4,905,477	6,775,214	1,312,126	1,817,715	174,653.00	1,568,478	-		
Two years later			4,912,842	1,232,883	1,714,104	51,729.00	1,652,945	-		
Three years later				1,077,914	1,736,889	271,990.00	1,440,512	-		
Four years later					1,130,925	655,664.00	2,623,152	-		
Five years later						470,804.00	2,737,948	-		
Six years later							2,157,215	-		
Seven years later								-		
Eight years later								-		
Nine years later								-		
6. Increase (decrease) in total incurred losses from end of policy year	\$ -	\$ (2,094,208)	\$ 320,864	\$ 524,866	\$ 16,004	\$ 294,475	\$ 1,117,311	\$ -	\$ -	\$ -

Virginia Risk Sharing Association and Subsidiaries
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COMBINED PROPERTY & LIABILITY		2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
1. Premiums																					
	Earned	\$	29,565,430	\$	28,532,948	\$	28,541,538	\$	27,915,508	\$	28,649,112	\$	28,597,037	\$	28,533,010	\$	27,781,723	\$	26,920,212	\$	28,783,304
	Ceded		6,768,709		6,237,175		6,411,502		6,015,456		5,436,375		5,585,171		4,602,199		3,947,415		3,566,797		4,079,679
	Net earned		22,796,721		22,295,773		22,130,036		21,900,052		23,212,737		23,011,866		23,930,811		23,834,308		23,353,415		24,703,625
2. Initial estimated total incurred losses																					
	Incurred	\$	25,528,908	\$	27,377,289	\$	23,842,328	\$	19,700,000	\$	22,300,000	\$	23,886,334	\$	20,955,813	\$	26,016,661	\$	42,089,554	\$	23,288,476
	Ceded		53,196		2,315,341		967,328		-		1,900,000		2,436,334		55,813		2,323,807		20,839,554		1,513,476
	Net incurred		25,675,712		25,211,948		22,875,000		19,700,000		20,400,000		21,450,000		20,900,000		23,692,854		21,250,000		21,775,000
3. Paid losses (cumulative)																					
	Policy year	\$	9,176,467	\$	8,266,686	\$	6,947,648	\$	5,825,224	\$	6,606,857	\$	5,895,432	\$	4,919,879	\$	6,361,663	\$	5,760,205	\$	6,409,963
	One year later				12,843,453		11,271,780		9,505,275		10,647,837		10,413,627		7,670,565		9,591,392		9,098,629		8,997,976
	Two years later						13,772,484		11,342,545		13,929,897		12,254,881		9,684,028		11,847,623		10,220,878		11,763,017
	Three years later								13,061,293		14,431,969		13,011,272		10,531,373		12,769,635		11,242,593		12,829,469
	Four years later										15,246,988		14,746,511		11,299,093		13,281,427		11,315,903		14,123,074
	Five years later												15,124,432		11,645,466		13,560,736		12,386,717		13,560,595
	Six years later														11,825,217		13,816,640		11,825,217		13,629,863
	Seven years later														11,670,378		13,940,343		11,832,876		13,636,125
	Eight years later																11,832,876		11,832,876		13,639,527
	Nine years later																				13,639,527
																					1,625,014
4. Re-estimated ceded losses		\$	53,196	\$	2,686,467	\$	1,461,652	\$	1,018,948	\$	318,318	\$	5,463,048	\$	209,480	\$	323,524	\$	17,271,373	\$	
5. Re-estimated total incurred losses																					
	Policy year	\$	25,675,712	\$	25,211,948	\$	22,875,000	\$	19,700,000	\$	20,400,000	\$	21,450,000	\$	20,900,000	\$	23,692,854	\$	21,250,000	\$	21,775,000
	One year later				23,429,705		22,344,459		18,636,941		19,153,073		19,845,223		16,865,288		21,191,401		19,432,038		20,175,000
	Two years later						20,614,931		18,032,078		19,632,339		18,411,366		15,447,056		18,910,263		17,387,556		19,452,238
	Three years later								16,652,390		17,827,598		17,586,031		14,296,953		17,233,219		15,225,162		17,491,405
	Four years later										17,969,049		19,049,602		13,150,029		16,780,329		13,762,994		15,725,853
	Five years later												16,572,513		12,399,718		15,220,912		13,811,093		15,031,231
	Six years later														11,959,430		14,636,035		12,599,794		14,506,226
	Seven years later																14,254,756		13,535,237		14,221,226
	Eight years later																				13,389,224
	Nine years later																				13,653,757
6. Increase (decrease) in total incurred losses from end of policy year		\$		\$	(1,782,243)	\$	(2,260,069)	\$	(3,047,610)	\$	(2,430,951)	\$	(4,877,487)	\$	(8,940,570)	\$	(9,438,098)	\$	(9,417,124)	\$	(8,121,243)

Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
As of fiscal and policy years ended June 30,

GENERAL LIABILITY		2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
1. Premiums																					
	Earned	\$	2,908,569	\$	2,970,925	\$	2,994,970	\$	3,077,724	\$	3,519,738	\$	3,609,788	\$	3,658,309	\$	3,729,596	\$	3,730,343	\$	3,935,486
	Ceded		-		-		-		-		-		-		-		-		-		-
	Net earned		2,908,569		2,970,925		2,994,970		3,077,724		3,519,738		3,609,788		3,658,309		3,729,596		3,730,343		3,935,486
2. Initial estimated total incurred losses																					
	Incurred	\$	3,500,000	\$	4,250,000	\$	4,250,000	\$	3,850,000	\$	3,500,000	\$	3,600,000	\$	3,500,000	\$	4,000,000	\$	4,250,000	\$	4,750,000
	Ceded		-		-		-		-		-		-		-		-		-		-
	Net incurred		3,500,000		4,250,000		4,250,000		3,850,000		3,500,000		3,600,000		3,500,000		4,000,000		4,250,000		4,750,000
3. Paid losses (cumulative)																					
	Policy year	\$	1,024,550	\$	903,473	\$	1,048,763	\$	1,136,335	\$	895,614	\$	885,529	\$	1,003,877	\$	825,548	\$	1,383,662	\$	1,019,969
	One year later				1,499,235		1,537,701		1,655,629		1,175,828		1,533,931		1,403,251		1,230,619		1,699,511		1,564,893
	Two years later						1,971,281		2,069,185		1,632,747		1,677,702		1,572,252		1,571,262		1,915,941		2,002,920
	Three years later								2,277,227		1,818,193		1,870,556		1,648,562		1,766,396		2,057,128		2,220,256
	Four years later										1,947,725		2,173,564		1,716,489		1,852,605		2,090,388		2,412,419
	Five years later												2,390,100		1,752,448		2,083,681		2,156,277		2,422,506
	Six years later														1,774,695		2,219,465		2,162,369		2,448,563
	Seven years later																2,234,832		2,162,369		2,448,563
	Eight years later																				
	Nine years later																				
4. Re-estimated ceded losses		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
5. Re-estimated total incurred losses																					
	Policy year	\$	3,500,000	\$	4,250,000	\$	4,250,000	\$	3,850,000	\$	3,500,000	\$	3,600,000	\$	3,500,000	\$	4,000,000	\$	4,250,000	\$	4,750,000
	One year later				3,500,000		3,750,000		3,850,000		3,000,000		3,500,000		3,250,000		3,500,000		4,000,000		4,250,000
	Two years later						3,500,000		3,500,000		3,100,000		3,000,000		3,000,000		3,250,000		3,500,000		3,750,000
	Three years later								3,500,000		2,800,000		3,100,000		2,500,000		2,750,000		3,000,000		3,250,000
	Four years later										2,500,000		3,150,000		2,250,000		2,850,000		2,750,000		3,000,000
	Five years later												3,150,000		2,200,000		2,600,000		2,500,000		2,800,000
	Six years later														2,000,000		2,450,000		2,400,000		2,700,000
	Seven years later																2,234,832		2,300,000		2,600,000
	Eight years later																		2,300,000		2,550,000
	Nine years later																		2,162,369		2,448,563
6. Increase (decrease) in total incurred losses from end of policy year		\$	(750,000)	\$	(750,000)	\$	(750,000)	\$	(350,000)	\$	(1,000,000)	\$	(450,000)	\$	(1,500,000)	\$	(1,765,168)	\$	(2,087,631)	\$	(2,301,437)

Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
As of fiscal and policy years ended June 30,

PUBLIC OFFICIALS/LAW ENFORCEMENT											
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1. Premiums											
Earned	\$	3,105,184	\$ 3,072,947	\$ 3,132,465	\$ 3,297,492	\$ 3,776,673	\$ 3,879,133	\$ 3,986,826	\$ 4,080,002	\$ 3,989,158	\$ 4,258,964
Ceded	-	-	-	-	-	-	-	-	-	-	-
Net earned		3,105,184	3,072,947	3,132,465	3,297,492	3,776,673	3,879,133	3,986,826	4,080,002	3,989,158	4,258,964
2. Initial estimated total incurred losses											
Incurred	\$	5,000,000	\$ 5,661,948	\$ 4,200,000	\$ 4,000,000	\$ 3,500,000	\$ 4,500,000	\$ 5,000,000	\$ 7,928,571	\$ 4,750,000	\$ 4,500,000
Ceded	-	-	-	-	-	-	-	-	1,928,571	-	-
Net incurred		5,000,000	5,661,948	4,200,000	4,000,000	3,500,000	4,500,000	5,000,000	6,000,000	4,750,000	4,500,000
3. Paid losses (cumulative)											
Policy year	\$	191,096	\$ 488,303	\$ 300,619	\$ 212,685	\$ 51,393	\$ 182,431	\$ 145,457	\$ 160,678	\$ 267,860	\$ 141,058
One year later			1,565,014	996,086	666,589	443,380	844,926	617,304	736,984	755,841	533,092
Two years later				1,708,917	1,724,554	2,397,590	1,417,570	969,295	1,392,773	963,581	1,170,846
Three years later					2,565,038	2,565,038	1,660,779	1,695,649	1,821,727	1,289,252	1,604,196
Four years later						3,112,390	2,009,152	2,379,835	2,243,067	1,351,389	1,748,001
Five years later							2,164,326	2,496,972	2,302,946	1,325,014	1,784,668
Six years later								2,499,603	2,436,984	1,347,722	1,811,489
Seven years later									2,443,146	1,355,370	1,811,489
Eight years later											1,811,489
Nine years later											1,811,489
4. Re-estimated ceded losses	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5. Re-estimated total incurred losses											
Policy year	\$	5,000,000	\$ 5,661,948	\$ 4,200,000	\$ 4,000,000	\$ 3,500,000	\$ 4,500,000	\$ 5,000,000	\$ 6,000,000	\$ 4,750,000	\$ 4,500,000
One year later			5,558,460	5,661,948	3,800,000	3,500,000	3,750,000	3,750,000	5,250,000	4,250,000	4,500,000
Two years later				4,488,400	4,411,547	4,600,000	3,750,000	3,250,000	3,750,000	3,500,000	4,250,000
Three years later					3,933,977	3,665,387	3,000,000	3,350,000	3,500,000	2,750,000	3,500,000
Four years later						4,672,985	4,926,103	3,100,000	3,350,000	2,500,000	2,750,000
Five years later							2,569,224	2,593,863	3,100,000	2,000,000	2,500,000
Six years later								2,563,309	2,804,860	1,800,000	2,250,000
Seven years later									2,885,443	2,885,443	2,150,000
Eight years later										1,355,370	1,445,519
Nine years later											1,811,489
6. Increase (decrease) in total incurred losses from end of policy year	\$		\$ (103,488)	\$ 288,400	\$ (66,023)	\$ 1,172,985	\$ (1,930,776)	\$ (2,436,691)	\$ (3,300,608)	\$ (3,394,630)	\$ (2,688,511)

Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
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AUTOMOBILE

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1. Premiums										
Earned	\$ 8,867,732	\$ 8,326,381	\$ 8,092,621	\$ 8,181,996	\$ 8,953,955	\$ 9,162,033	\$ 9,341,596	\$ 9,403,243	\$ 9,257,227	\$ 9,724,190
Ceded	-	-	-	-	-	-	-	-	-	206,448
Net earned	8,867,732	8,326,381	8,092,621	8,181,996	8,953,955	9,162,033	9,341,596	9,403,243	9,257,227	9,517,742
2. Initial estimated total incurred losses										
Incurred	\$ 10,630,065	\$ 10,709,000	\$ 8,200,000	\$ 8,350,000	\$ 8,000,000	\$ 9,386,500	\$ 8,105,813	\$ 8,740,129	\$ 10,016,204	\$ 7,900,000
Ceded	36,196	1,509,000	-	-	-	1,111,500	55,813	147,275	1,516,204	-
Net incurred	10,593,869	9,200,000	8,200,000	8,350,000	8,000,000	8,275,000	8,050,000	8,592,854	8,500,000	7,900,000
3. Paid losses (cumulative)										
Policy year	\$ 3,869,183	\$ 3,140,582	\$ 3,058,884	\$ 2,775,793	\$ 3,305,481	\$ 2,349,635	\$ 2,376,083	\$ 2,564,863	\$ 2,761,862	\$ 2,369,056
One year later		4,708,141	3,737,665	4,389,227	3,815,488	4,925,406	3,550,702	3,217,760	4,185,870	3,283,296
Two years later			4,742,899	4,714,299	4,775,246	5,726,603	5,040,178	4,215,330	4,880,699	5,029,851
Three years later				4,929,925	4,929,925	6,115,020	5,095,601	4,482,235	5,441,544	5,412,410
Four years later				5,211,329	5,066,889	7,216,800	5,110,989	4,551,144	5,419,457	6,370,047
Five years later						7,223,011	5,299,331	4,554,990	5,473,040	5,760,814
Six years later							5,299,365	4,557,019	5,586,451	5,777,204
Seven years later								4,588,584	5,586,462	5,783,466
Eight years later									5,586,462	5,786,868
Nine years later										
4. Re-estimated ceded losses	\$ 36,196	\$ 1,357,121	\$ -	\$ 106,632	\$ 220,574	\$ 4,414,664	\$ 55,813	\$ -	\$ 1,695,323	\$ 178,751
5. Re-estimated total incurred losses										
Policy year	\$ 10,593,869	\$ 9,200,000	\$ 8,200,000	\$ 8,350,000	\$ 8,000,000	\$ 8,275,000	\$ 8,050,000	\$ 8,592,854	\$ 8,500,000	\$ 7,900,000
One year later		880,772	7,227,666	7,603,261	7,228,073	8,495,223	6,990,288	7,366,401	8,232,838	7,175,000
Two years later			7,135,212	7,062,516	6,675,377	8,048,603	6,600,736	6,907,870	7,721,233	7,638,504
Three years later				6,314,693	6,155,249	8,023,268	6,100,633	6,155,826	6,971,543	7,133,892
Four years later					5,649,403	7,610,736	5,578,709	5,905,826	6,058,323	6,381,244
Five years later						7,506,293	5,489,472	4,901,793	5,807,474	6,138,624
Six years later							5,299,405	4,748,002	5,671,119	5,963,619
Seven years later									5,621,119	5,863,619
Eight years later									3,915,343	5,801,098
Nine years later										
6. Increase (decrease) in total incurred losses from end of policy year		\$ (8,319,228)	\$ (1,064,788)	\$ (2,035,307)	\$ (2,350,597)	\$ (768,707)	\$ (2,750,595)	\$ (3,946,105)	\$ (4,584,657)	\$ (2,098,902)

Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
As of fiscal and policy years ended June 30,

PROPERTY		2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
1. Premiums	Earned	\$ 13,123,542	\$	12,682,673	\$	13,110,014	\$	12,190,146	\$	11,288,076	\$	10,875,910	\$	10,513,974	\$	9,579,544	\$	8,985,238	\$	9,855,515	\$
	Ceded	6,302,542		5,817,904		6,025,635		5,658,780		5,175,746		5,282,784		4,375,017		3,751,356		3,341,673		3,638,202	
	Net earned	6,821,000		6,864,769		7,084,379		6,531,366		6,112,330		5,593,126		6,138,957		5,828,188		5,643,565		6,217,313	
2. Initial estimated total incurred losses	Incurred	\$ 5,731,843	\$	6,090,757	\$	6,967,328	\$	3,250,000	\$	6,900,000	\$	5,156,809	\$	4,000,000	\$	4,497,961	\$	22,823,350	\$	3,700,000	\$
	Ceded	-		690,757		967,328		-		1,900,000		406,809		-		247,961		19,323,350		-	
	Net incurred	5,731,843		5,400,000		6,000,000		3,250,000		5,000,000		4,750,000		4,000,000		4,250,000		3,500,000		3,700,000	
3. Paid losses (cumulative)	Policy year	\$ 3,860,418	\$	3,556,058	\$	2,536,821	\$	1,665,250	\$	2,160,800	\$	2,336,477	\$	1,288,965	\$	2,542,615	\$	1,196,695	\$	2,604,197	\$
	One year later			4,774,833		4,751,780		2,469,904		4,841,981		2,889,530		1,877,488		4,122,838		2,303,788		2,893,256	
	Two years later					5,097,805		2,510,581		4,753,551		3,113,992		1,878,939		4,363,596		2,307,038		2,757,549	
	Three years later							2,569,111		4,742,610		3,045,903		1,859,033		4,315,941		2,301,050		2,781,890	
	Four years later									4,739,694		3,034,232		1,854,863		4,260,108		2,301,050		2,781,890	
	Five years later											3,034,232		1,845,063		4,261,616		3,278,767		2,781,890	
	Six years later													1,845,063		4,262,011		2,575,056		2,781,890	
	Seven years later													1,845,063		4,280,796		2,575,056		2,781,890	
	Eight years later																	2,575,056		2,781,890	
	Nine years later																	2,575,056		2,781,890	
4. Re-estimated ceded losses		\$ -	\$	1,213,762	\$	1,461,652	\$	-	\$	97,744	\$	265,553	\$	-	\$	323,524	\$	15,576,050	\$	-	\$
5. Re-estimated total incurred losses	Policy year	\$ 5,731,843	\$	5,400,000	\$	6,000,000	\$	3,250,000	\$	5,000,000	\$	4,750,000	\$	4,000,000	\$	4,250,000	\$	3,500,000	\$	3,700,000	\$
	One year later			5,114,167		5,400,000		3,000,000		5,000,000		3,750,000		2,500,000		4,550,000		2,750,000		3,400,000	
	Two years later					5,211,475		2,700,000		4,850,000		3,250,000		2,250,000		4,500,000		2,500,000		3,000,000	
	Three years later							2,579,795		4,800,000		3,100,000		2,000,000		4,400,000		2,350,000		2,792,243	
	Four years later									4,739,699		3,050,000		1,900,000		4,300,000		2,301,052		2,783,892	
	Five years later											3,034,232		1,845,063		4,261,616		3,350,000		2,781,890	
	Six years later													1,845,063		4,262,011		2,575,056		2,781,890	
	Seven years later															4,280,796		2,575,056		2,796,890	
	Eight years later																	2,575,056		2,781,890	
	Nine years later																	2,575,056		2,781,890	
6. Increase (decrease) in total incurred losses from end of policy year			\$	(285,833)	\$	(788,525)	\$	(670,205)	\$	(260,301)	\$	(1,715,768)	\$	(2,154,937)	\$	30,796	\$	(924,944)	\$	(918,110)	\$

Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
As of fiscal and policy years ended June 30,

BOILER & MACHINERY

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1. Premiums										
Earned	\$ 911,528	\$ 884,471	\$ 913,712	\$ 867,745	\$ 811,366	\$ 771,354	\$ 730,566	\$ 687,668	\$ 670,487	\$ 707,824
Ceded	381,030	350,559	385,867	356,676	260,629	257,559	185,574	153,251	182,316	178,002
Net earned	530,498	533,912	527,845	511,069	550,737	513,795	544,992	534,417	488,171	529,822
2. Initial estimated total incurred losses										
Incurred	\$ 517,000	\$ 515,584	\$ 125,000	\$ 150,000	\$ 300,000	\$ 1,188,025	\$ 175,000	\$ 200,000	\$ 200,000	\$ 2,288,476
Ceded	17,000	115,584	-	-	-	918,025	-	-	-	1,513,476
Net incurred	500,000	400,000	125,000	150,000	300,000	250,000	175,000	200,000	200,000	775,000
3. Paid losses (cumulative)										
Policy year	\$ 208,386	\$ 176,299	\$ 2,561	\$ 33,016	\$ 188,147	\$ 141,360	\$ 80,497	\$ 72,466	\$ 150,126	\$ 275,683
One year later		256,305	129,845	133,015	281,962	219,834	196,820	82,124	153,619	723,439
Two years later			129,845	133,015	281,962	312,763	196,320	102,393	153,619	801,851
Three years later				133,015	281,962	312,763	196,320	102,393	153,619	810,717
Four years later					281,962	312,763	196,320	102,393	153,619	810,717
Five years later					281,962	312,763	196,320	102,393	153,619	810,717
Six years later						312,763	196,320	102,393	153,619	810,717
Seven years later							196,320	102,393	153,619	810,717
Eight years later							196,320	102,393	153,619	810,717
Nine years later								102,393	153,619	810,717
4. Re-estimated ceded losses	\$ 17,000	\$ 115,584	\$ -	\$ 912,316	\$ -	\$ 782,831	\$ 153,667	\$ -	\$ -	\$ 1,446,263
5. Re-estimated total incurred losses										
Policy year	\$ 500,000	\$ 400,000	\$ 125,000	\$ 150,000	\$ 300,000	\$ 250,000	\$ 175,000	\$ 200,000	\$ 200,000	\$ 775,000
One year later		256,305	129,845	133,680	300,000	225,000	225,000	125,000	175,000	825,000
Two years later			129,845	133,015	281,962	312,763	196,320	102,393	153,619	801,851
Three years later				133,015	281,962	312,763	196,320	102,393	153,619	810,717
Four years later					281,962	312,763	196,320	102,393	153,619	810,717
Five years later					281,962	312,763	196,320	102,393	153,619	810,717
Six years later						312,763	196,320	102,393	153,619	810,717
Seven years later							196,320	102,393	153,619	810,717
Eight years later								102,393	153,619	810,717
Nine years later									153,619	810,717
6. Increase (decrease) in total incurred losses from end of policy year										
	\$	\$ (143,695)	\$ 4,845	\$ (16,985)	\$ (18,038)	\$ 62,763	\$ 21,320	\$ (97,607)	\$ (46,381)	\$ 35,717

Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
As of fiscal and policy years ended June 30,

FIDELITY & CRIME

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1. Premiums										
Earned	\$ 279,315	\$ 276,779	\$ 297,756	\$ 300,405	\$ 299,304	\$ 298,819	\$ 301,739	\$ 301,670	\$ 287,759	\$ 301,325
Ceded	-	-	-	-	-	44,828	41,608	42,808	42,808	57,027
Net earned	279,315	276,779	297,756	300,405	299,304	253,991	260,131	258,862	244,951	244,298
2. Initial estimated total incurred losses										
Incurred	\$ 150,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 175,000	\$ 650,000	\$ 50,000	\$ 150,000
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	150,000	150,000	100,000	100,000	100,000	75,000	175,000	650,000	50,000	150,000
3. Paid losses (cumulative)										
Policy year	\$ 3,126	\$ -	\$ -	\$ 2,145	\$ 5,422	\$ -	\$ 25,000	\$ 195,493	\$ -	\$ -
One year later	-	-	118,703	190,911	89,198	-	25,000	201,067	-	-
Two years later	-	-	121,736	190,911	88,801	6,251	27,044	202,269	-	-
Three years later	-	-	-	190,911	94,241	6,251	36,208	280,943	-	-
Four years later	-	-	-	-	98,328	-	40,597	272,110	-	-
Five years later	-	-	-	-	-	-	55,332	255,110	-	-
Six years later	-	-	-	-	-	-	55,332	238,768	-	-
Seven years later	-	-	-	-	-	-	-	290,592	-	-
Eight years later	-	-	-	-	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-	-	-	-	-
4. Re-estimated ceded losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5. Re-estimated total incurred losses										
Policy year	\$ 150,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 175,000	\$ 650,000	\$ 50,000	\$ 150,000
One year later	-	50,000	175,000	250,000	125,000	125,000	150,000	400,000	24,200	25,000
Two years later	-	-	150,000	225,000	125,000	50,000	150,000	325,000	12,704	11,883
Three years later	-	-	-	190,911	125,000	50,000	125,000	272,110	-	4,553
Four years later	-	-	-	-	125,000	-	75,000	255,110	-	-
Five years later	-	-	-	-	-	-	55,333	268,769	-	-
Six years later	-	-	-	-	-	-	-	290,594	-	-
Seven years later	-	-	-	-	-	-	-	-	-	-
Eight years later	-	-	-	-	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-	-	-	-	-
6. Increase (decrease) in total incurred losses from end of policy year	\$ -	\$ (100,000)	\$ 50,000	\$ 90,911	\$ 25,000	\$ (75,000)	\$ (119,667)	\$ (359,406)	\$ (50,000)	\$ (150,000)

Virginia Risk Sharing Association and Subsidiaries
Claims Development by Line of Coverage
As of fiscal and policy years ended June 30,

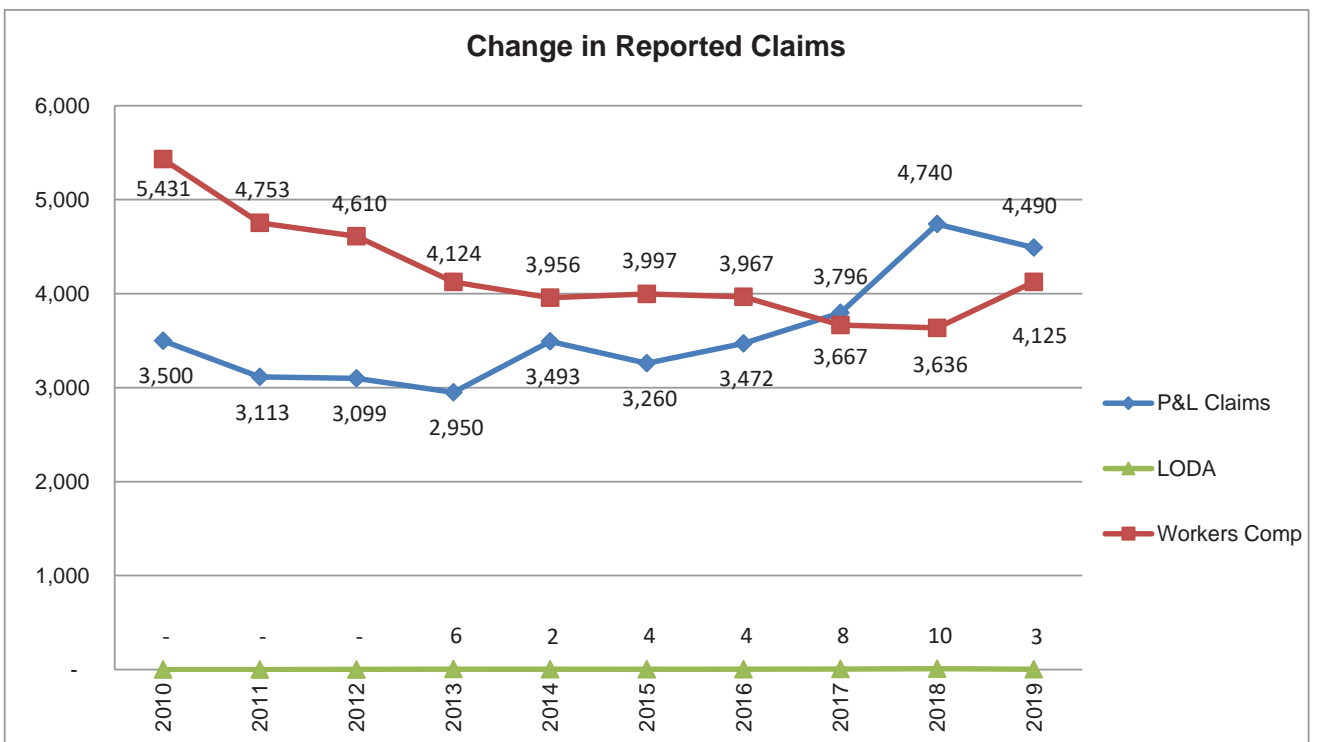
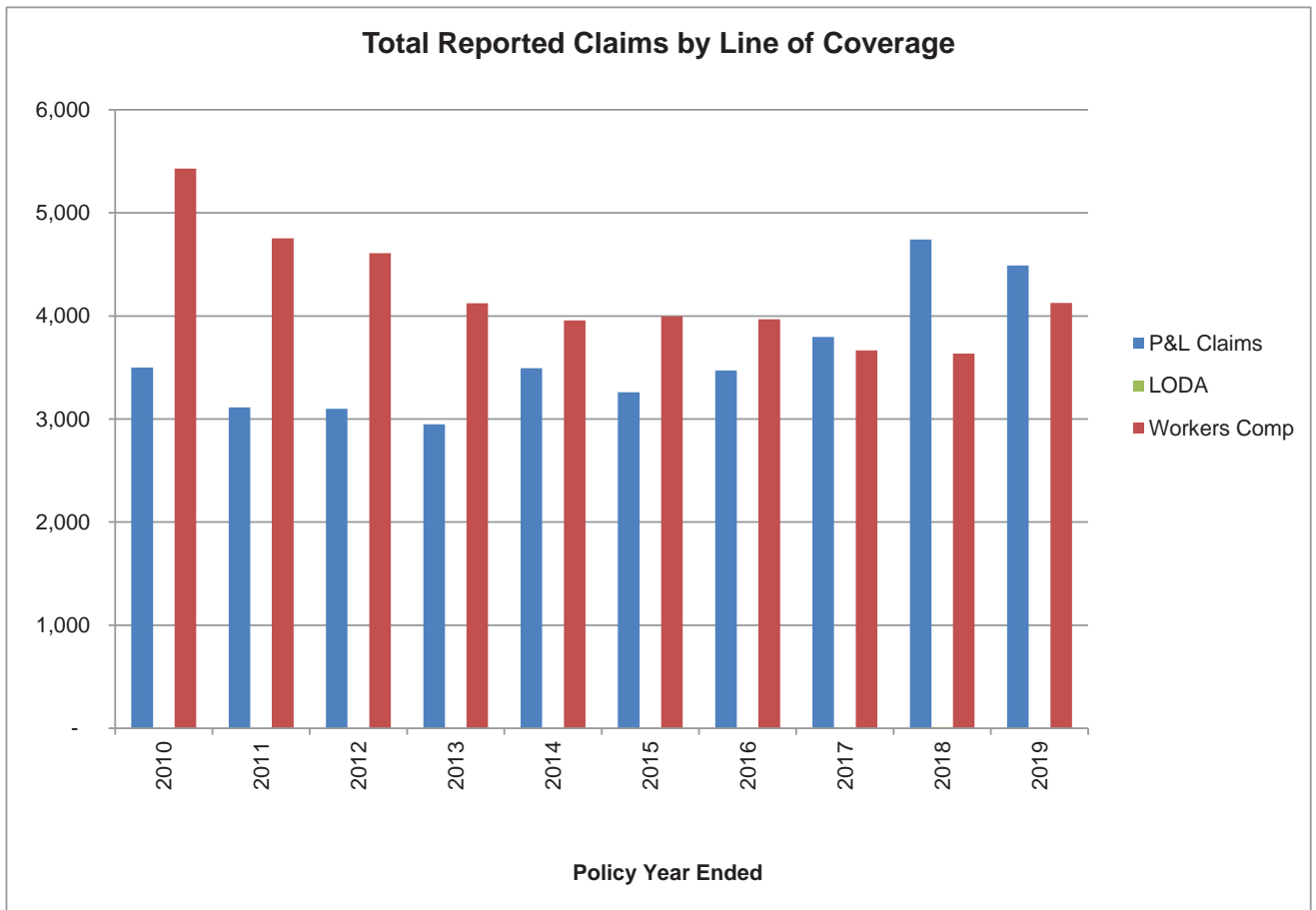
CYBER		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1. Premiums											
	Earned	\$ 369,560	\$ 318,772								
	Ceded	85,136	68,712								
	Net earned	284,424	250,060								
2. Initial estimated total incurred losses											
	Incurred	\$ -	\$ -								
	Ceded	-	-								
	Net incurred	200,000	150,000								
3. Paid losses (cumulative)											
	Policy year	\$ 19,708	\$ 1,971								
	One year later		39,924								
	Two years later										
	Three years later										
	Four years later										
	Five years later										
	Six years later										
	Seven years later										
	Eight years later										
	Nine years later										
4. Re-estimated ceded losses		\$ -	\$ -								
5. Re-estimated total incurred losses											
	Policy year	\$ 200,000	\$ 150,000								
	One year later		150,000								
	Two years later										
	Three years later										
	Four years later										
	Five years later										
	Six years later										
	Seven years later										
	Eight years later										
	Nine years later										
6. Increase (decrease) in total incurred losses from end of policy year		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Virginia Risk Sharing Association and Subsidiaries
Reported Claims Analysis by Line of Coverage
For Policy Years Ended June 30,

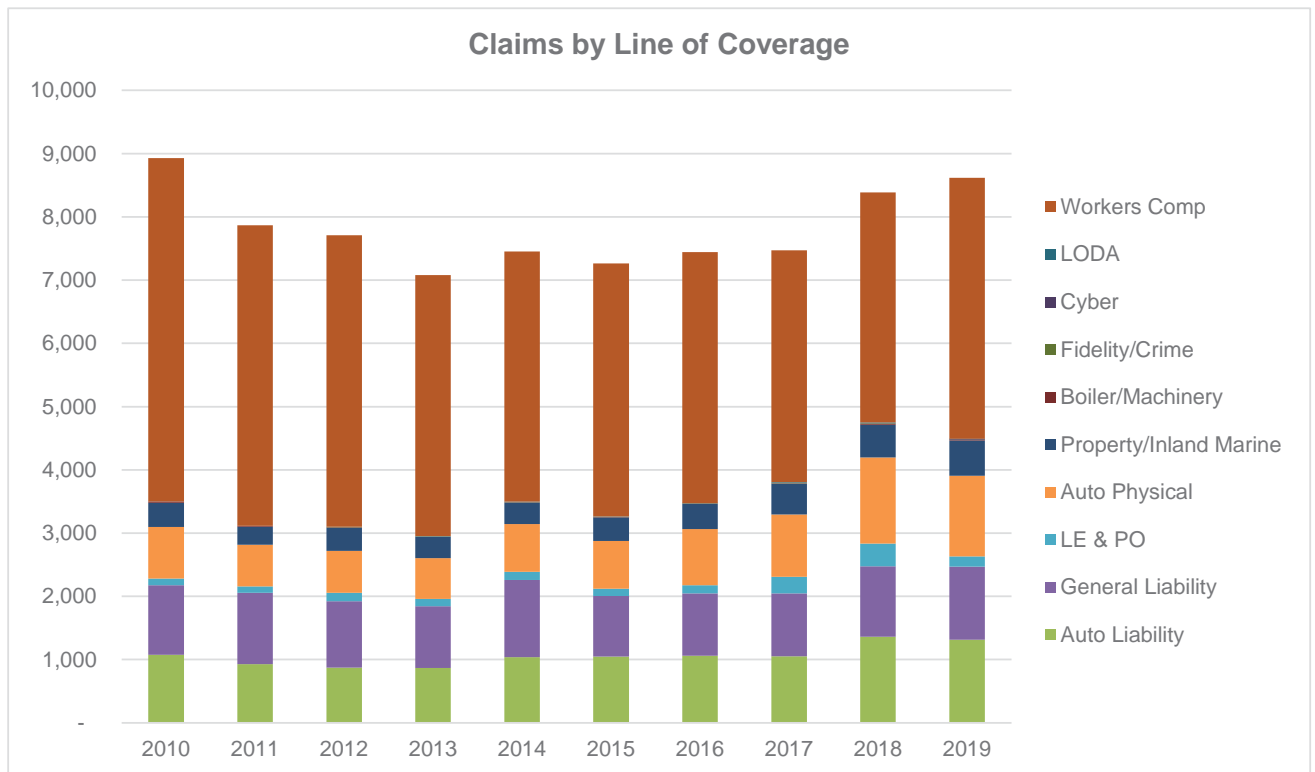
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Line of Coverage										
Auto Liability	1,077	927	871	868	1,041	1,047	1,063	1,053	1,363	1,313
General Liability	1,098	1,128	1,054	975	1,220	959	984	993	1,112	1,157
LE & PO	109	103	130	115	128	114	128	262	361	164
Auto Physical	814	656	662	647	754	758	888	986	1,359	1,274
Property/Inland Marine	382	286	367	333	342	369	402	488	519	557
Boiler/Machinery	20	13	7	9	5	8	4	7	14	12
Fidelity/Crime	-	-	8	3	3	5	3	7	7	2
Cyber	-	-	-	-	-	-	-	-	5	11
LODA	-	-	-	6	2	4	4	8	10	3
Workers Comp	5,431	4,753	4,610	4,124	3,956	3,997	3,967	3,667	3,636	4,125
Total Claims Reported	8,931	7,866	7,709	7,080	7,451	7,261	7,443	7,471	8,386	8,618
% change		-11.92%	-2.00%	-8.16%	5.24%	-2.55%	2.51%	0.38%	12.25%	2.77%
overall % change										-3.50%

Claims are reported via different methods including online, via the nurse triage service, fax, phone and mail.
Claims are associated with the policy year that the occurrence happened in, regardless of when the claim is reported.
As a result, claims counts can change for previous policy years.

Virginia Risk Sharing Association and Subsidiaries
Reported Claims Analysis by Line of Coverage (continued)



Virginia Risk Sharing Association and Subsidiaries
Reported Claims Analysis by Line of Coverage (continued)



Virginia Risk Sharing Association and Subsidiaries
Total Ceded Loss Analysis

Policy Year	Ceded Losses - Workers Comp				Ceded Losses - Liability				Ceded Losses - Total			
	Total Ceded Losses	Ceded Received	Paid Ceded Receivable	Unpaid Ceded Recoverable	Total Ceded Losses	Ceded Received	Paid Ceded Receivable	Unpaid Ceded Recoverable	Total Ceded Losses	Ceded Received	Paid Ceded Receivable	Unpaid Ceded Recoverable
80/81 - 89/90	9,843,205	7,164,928	29,517	2,648,759	-	-	-	-	9,843,205	7,164,928	29,517	2,648,759
90/91 - 99/00	15,922,703	9,819,935	76,536	6,026,232	3,021,488	3,021,488	-	-	18,944,192	12,841,423	76,536	6,026,232
2000-01	1,541,575	1,391,289	-	150,286	2,475,757	2,475,757	-	-	4,017,332	3,867,046	-	150,286
2001-02	655,506	655,506	-	-	2,428,656	2,428,656	-	-	3,084,162	3,084,162	-	-
2002-03	-	-	-	-	1,150,898	1,150,898	-	-	1,150,898	1,150,898	-	-
2003-04	335,026	335,026	-	-	4,857,555	4,857,555	-	-	5,192,581	5,192,581	-	-
2004-05	1,256,112	-	-	1,256,112	8,098,020	8,098,020	-	-	9,354,132	8,098,020	-	-
2005-06	1,034,876	-	-	1,034,876	4,317,382	4,317,382	-	-	5,352,258	4,317,382	-	1,256,112
2006-07	-	-	-	-	2,802,735	2,802,735	-	-	2,802,735	2,802,735	-	1,034,876
2007-08	-	-	-	-	3,914,351	3,914,351	-	-	3,914,351	3,914,351	-	-
2008-09	-	-	-	-	913,867	913,867	-	-	913,867	913,867	-	-
2009-10	-	-	-	-	1,625,014	1,625,014	-	-	1,625,014	1,625,014	-	-
2010-11	14,115	14,115	-	-	17,271,374	17,271,374	-	-	17,285,489	17,285,489	-	-
2011-12	1,066,755	262,382	-	804,373	323,524	323,524	-	-	1,390,279	585,906	-	804,373
2012-13	292,998	-	-	292,998	209,480	209,480	-	-	502,478	209,480	-	292,998
2013-14	224,028	-	-	224,028	5,463,048	5,463,048	-	-	5,687,076	5,463,048	-	224,028
2014-15	-	-	-	-	1,128,318	1,128,318	-	-	1,128,318	1,128,318	-	-
2015-16	104,657	-	31,082	73,575	1,018,949	1,018,949	-	-	1,123,605	1,018,949	31,082	73,575
2016-17	-	-	-	-	1,461,652	361,652	250,016	849,984	1,461,652	361,652	250,016	849,984
2017-18	-	-	-	-	2,686,466	1,721,301	769,561	195,604	2,686,466	1,721,301	769,561	195,604
2018-19	5,413,412	585,267	3,161	4,824,985	53,196	-	-	53,196	5,466,608	585,267	3,161	4,878,181
Grand Totals:	37,704,968	20,228,447	140,296	17,336,225	65,221,730	63,103,369	1,019,577	1,098,784	102,926,697	83,331,816	1,159,872	18,435,009

Ceded losses are losses that surpass a contracted self-insurance retention level and are then covered by one or more reinsurers.

Total ceded losses = Ceded received + Paid Ceded receivable + Unpaid Ceded recoverable

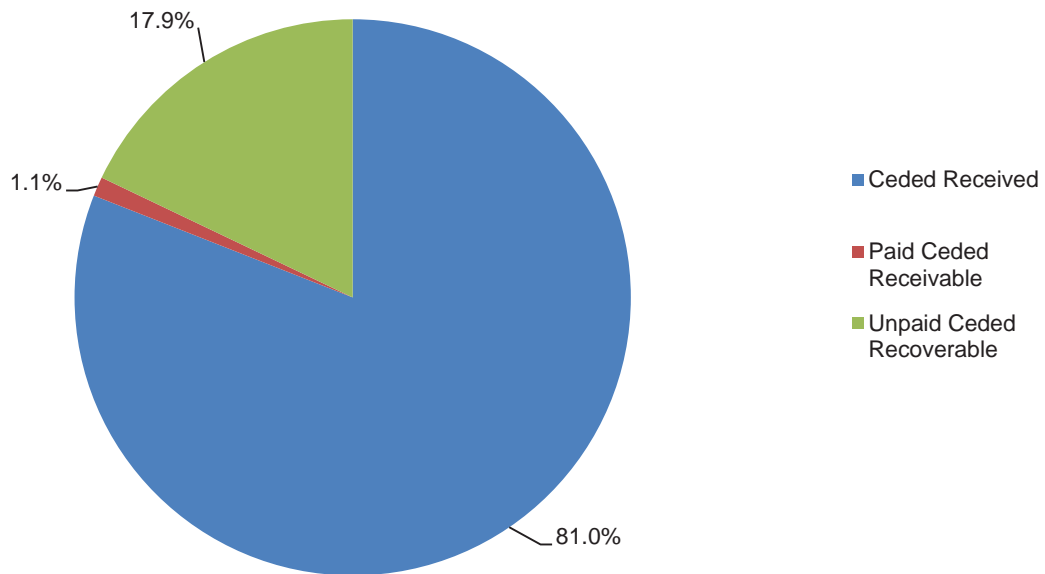
Ceded received = loss expenses above retention that have been reimbursed by reinsurer(s)

Paid Ceded receivable = loss expenses above retention that have been submitted to reinsurer(s) for reimbursement but not paid yet

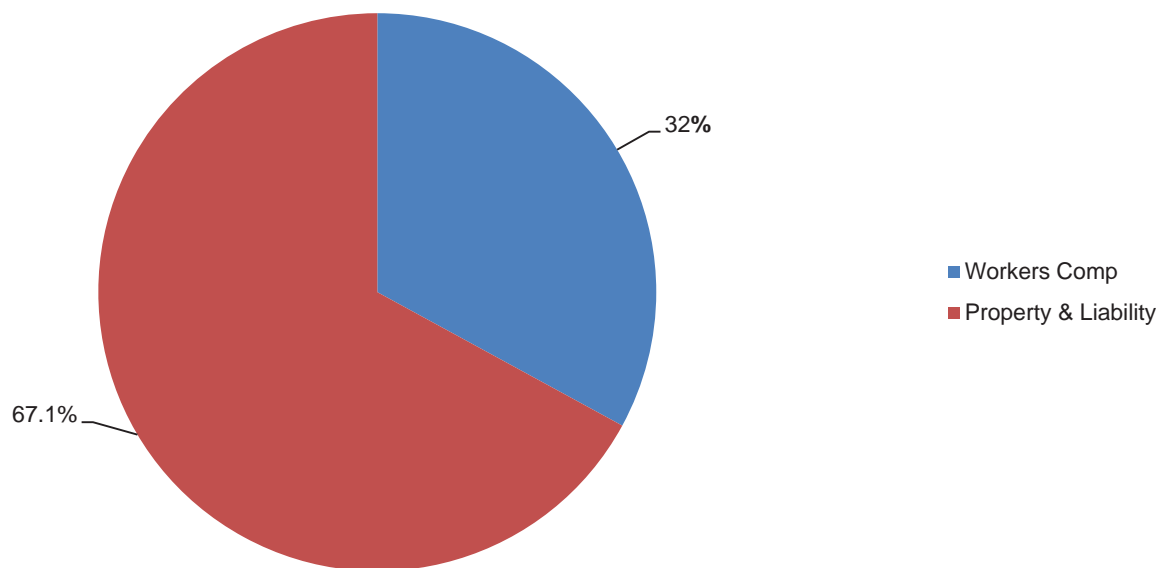
Unpaid Ceded recoverable = loss reserves on a claim that are an estimation of expenses that will be submitted to reinsurer(s) for reimbursement

Virginia Risk Sharing Association and Subsidiaries
Total Ceded Loss Analysis (continued)

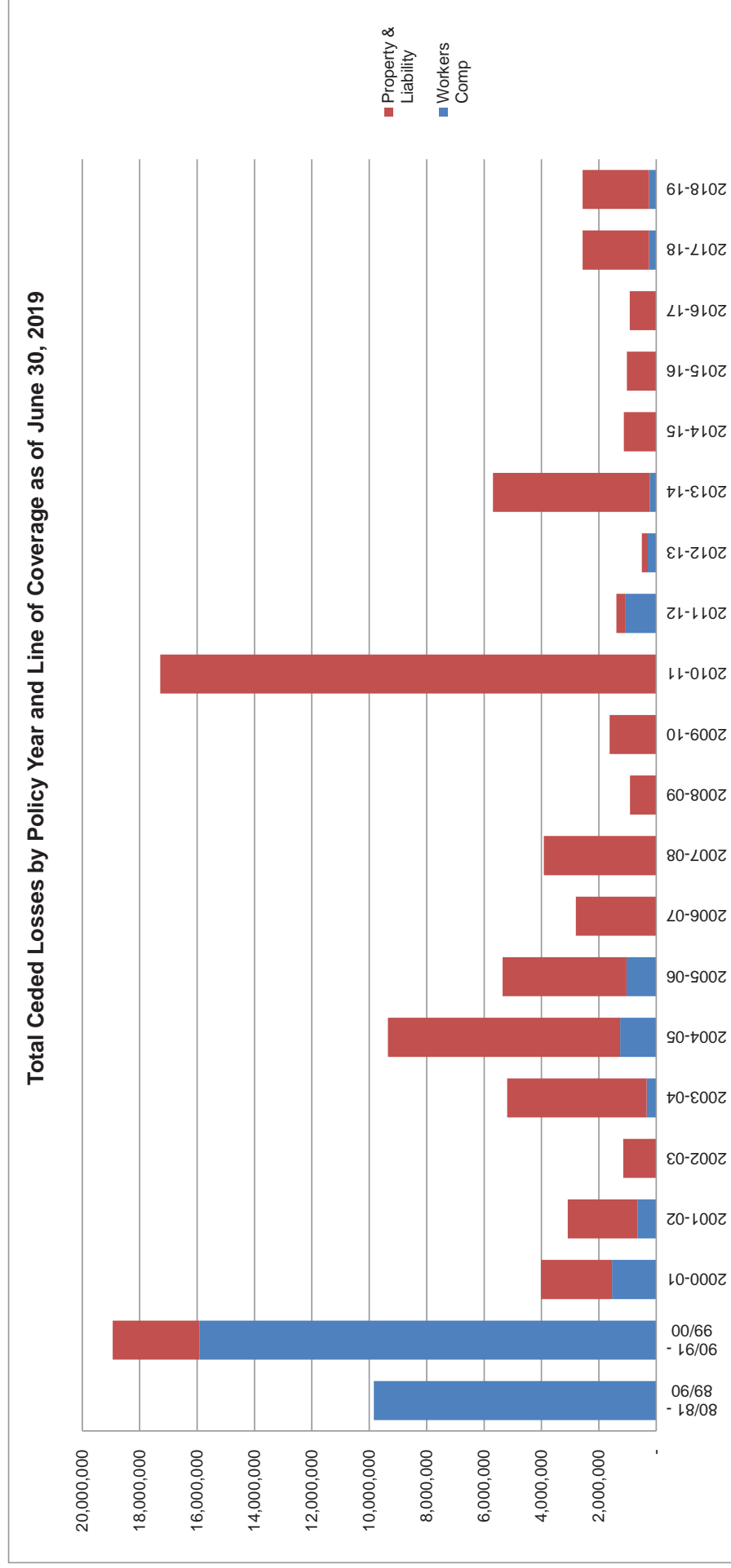
Total Ceded Losses by Type as of June 30, 2019



Total Ceded Losses by Line of Coverage as of June 30, 2019



Virginia Risk Sharing Association and Subsidiaries
Total Ceded Loss Analysis (continued)



Virginia Risk Sharing Association - Reinsurance History

Policy Years	Line of Coverage	Reinsurance Carrier	Retention Limits	Quota Share or Limit Cap
1980-81	WC	Insurance Company of North America	\$175,000	
1981-82	WC	Insurance Company of North America	\$175,000	
1982-83	WC	Mead Reinsurance Corp.	\$175,000	
1983-84	WC	Employers Reinsurance Corp.	\$175,000	
1984-85	WC	Employers Reinsurance Corp.	\$150,000	
1985-86	WC	Employers Reinsurance Corp.	\$150,000	
1986-87	GL & AL	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	WC	Employers Reinsurance Corp.	\$250,000	
1987-88	GL & AL	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$500,000	
	WC	Employers Reinsurance Corp.	\$250,000	
1988-89	GL & AL	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	WC	Employers Reinsurance Corp.	\$300,000	
1989-90	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	WC	General Reinsurance	\$400,000	
1990-91	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	WC	General Reinsurance	\$400,000	
1991-92	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	PR	Industrial Risk Mutual	100% reinsured	
	WC	General Reinsurance	\$400,000	
1992-93	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	PR	Industrial Risk Mutual	100% reinsured	
	WC	General Reinsurance	\$400,000	
1993-94	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	PR	Industrial Risk Mutual	100% reinsured	
	WC	General Reinsurance	\$400,000	
1994-95	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	PR	Industrial Risk Mutual	100% reinsured	
	WC	General Reinsurance	\$400,000	
1995-96	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	PR	Industrial Risk Mutual	100% reinsured	
	WC	General Reinsurance	\$400,000	
1996-97	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	General Reinsurance	\$50,000	\$1,000,000 cap
	PR	Industrial Risk Mutual	100% reinsured	
	WC	General Reinsurance	\$400,000	
1997-98	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$1,000,000	50/50 on first \$500,000 above limit
	PD	Swiss Reinsurance America	\$50,000	
	PR	Swiss Reinsurance America	\$25,000	\$300,000 annual aggregate
	WC	General Reinsurance	\$400,000	
1998-99	BM	Hartford Steam Boiler	100% reinsured	
	GL & AL	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	PD	Swiss Reinsurance America	\$50,000	
	PR	Swiss Reinsurance America	\$25,000	\$300,000 annual aggregate
	WC	General Reinsurance	\$400,000	
	XS	General Reinsurance	100% reinsured	
1999-00	BM	Hartford Steam Boiler	100% reinsured	
	CC	Fidelity & Deposit Company of Maryland	100% reinsured	
	GL & AL	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	LE & PO	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	PD	Swiss Reinsurance America	\$50,000	
	PR	Swiss Reinsurance America	\$25,000	\$300,000 annual aggregate
	WC	General Reinsurance	\$400,000	
	XS	General Reinsurance	100% reinsured	

Virginia Risk Sharing Association - Reinsurance History

Policy Years	Line of Coverage	Reinsurance Carrier	Retention Limits	Quota Share or Limit Cap
2000-01	BM, CC	Swiss Reinsurance America	\$25,000	
	GL & AL	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	LE & PO	General Reinsurance	\$500,000	50/50 on first \$500,000 above limit
	PD	Swiss Reinsurance America	\$50,000	
	PR	Swiss Reinsurance America	\$50,000	\$500,000 annual aggregate
	WC	General Reinsurance	\$400,000	
	XS	General Reinsurance	100% reinsured	
2001-02	BM, CC	Swiss Reinsurance America	\$25,000	
	GL & AL	General Reinsurance	\$1,000,000	
	LE & PO	General Reinsurance	\$1,000,000	
	PD	Swiss Reinsurance America	\$50,000	
	PR	Swiss Reinsurance America	\$250,000	\$20M windstorm limit
	PR	Lloyds of London		50% \$30M excess of \$20M
	PR	Royal Indemnity		25% \$30M excess of \$20M, 50% \$50M excess of \$50M
	PR	Westchester Fire Insurance Company		25% \$30M excess of \$20M, 50% \$50M excess of \$50M
	WC	General Reinsurance	\$400,000	
	XS	General Reinsurance	100% reinsured	
2002-03	BM, CC	Swiss Reinsurance America	\$50,000	
	GL & AL	General Reinsurance	\$1,000,000	
	LE & PO	General Reinsurance	\$1,000,000	
	PD	Swiss Reinsurance America	\$50,000	
	PR	Swiss Reinsurance America	\$500,000	\$20M windstorm limit
	PR	Lloyds of London		\$30M excess of \$20M
	PR catastrophe	Swiss Reinsurance America	\$1,000,000	\$5M limit
	PR catastrophe	Lloyds of London		\$10M excess of \$5M
	WC	NLC Mutual Insurance Company	\$1,000,000	
	XS	General Reinsurance	\$1,000,000	25/75 quota share above limit
2003-04	BM, CC	Swiss Reinsurance America	\$100,000	
	GL, AL, PO, LE	NLC Mutual Insurance Company	\$1,000,000	
	PD	Swiss Reinsurance America	\$50,000	
	PR	Swiss Reinsurance America	\$1,000,000	\$20M windstorm limit
	PR	Lloyds of London		\$30M excess of \$20M
	PR catastrophe	Swiss Reinsurance America	\$1,000,000	\$5M limit
	PR catastrophe	Lloyds of London		\$10M excess of \$5M
	WC	NLC Mutual Insurance Company	\$1,000,000	
	XS	NLC Mutual Insurance Company	100% reinsured	\$5M limit
	XS	General Reinsurance		100% excess of \$5M
2004-05	BM	Zurich American Insurance Company	25000	\$100M limit
	CC	Axis Reinsurance	\$300,000	60% of \$1M limit
	CC	Lloyds of London		20% of \$1M limit
	CC	Westchester Fire Insurance Company		20% of \$1M limit
	GL, AL, PO, LE	NLC Mutual Insurance Company	\$1,000,000	
	PR	Axis Reinsurance	\$500,000 & \$1M windstorm	60% of \$25M limit, 40% of \$75M excess of \$25M
	PR	Westchester Fire Insurance Company		20% of \$25M limit, 60% of \$75M excess of \$25M
	PR	Lloyds of London		20% of \$25M limit
	WC	NLC Mutual Insurance Company	\$1,000,000	
	XS	NLC Mutual Insurance Company	100% reinsured	shared burden
	XS	General Reinsurance	100% reinsured	shared burden
2005-06	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	CNA Insurance Company	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000 & \$1M windstorm	\$1B limit
	WC	Safety National Casualty Corporation	\$1,000,000	
	XS	Evanston Insurance Company	100% reinsured	share in \$5M limit
	XS	James River Insurance Company	100% reinsured	share in \$5M limit
	XS	Liberty Mutual Insurance Company	100% reinsured	share in \$5M limit
	XS	Odyssey American Reinsurance Corp.	100% reinsured	share in \$5M limit
	XS	Signet Star Reinsurance	100% reinsured	share in \$5M limit
	XS	General Reinsurance	100% reinsured	members with \$6M - \$10M limits
	XS	Landmark American Insurance	100% reinsured	members with greater than \$10M limits
2006-07	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	CNA Insurance Company	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	Safety National Casualty Corporation	\$2,000,000	
	XS	ACE American Insurance Company	\$1,000,000	\$10M limit
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$350M limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$100M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$75M limit

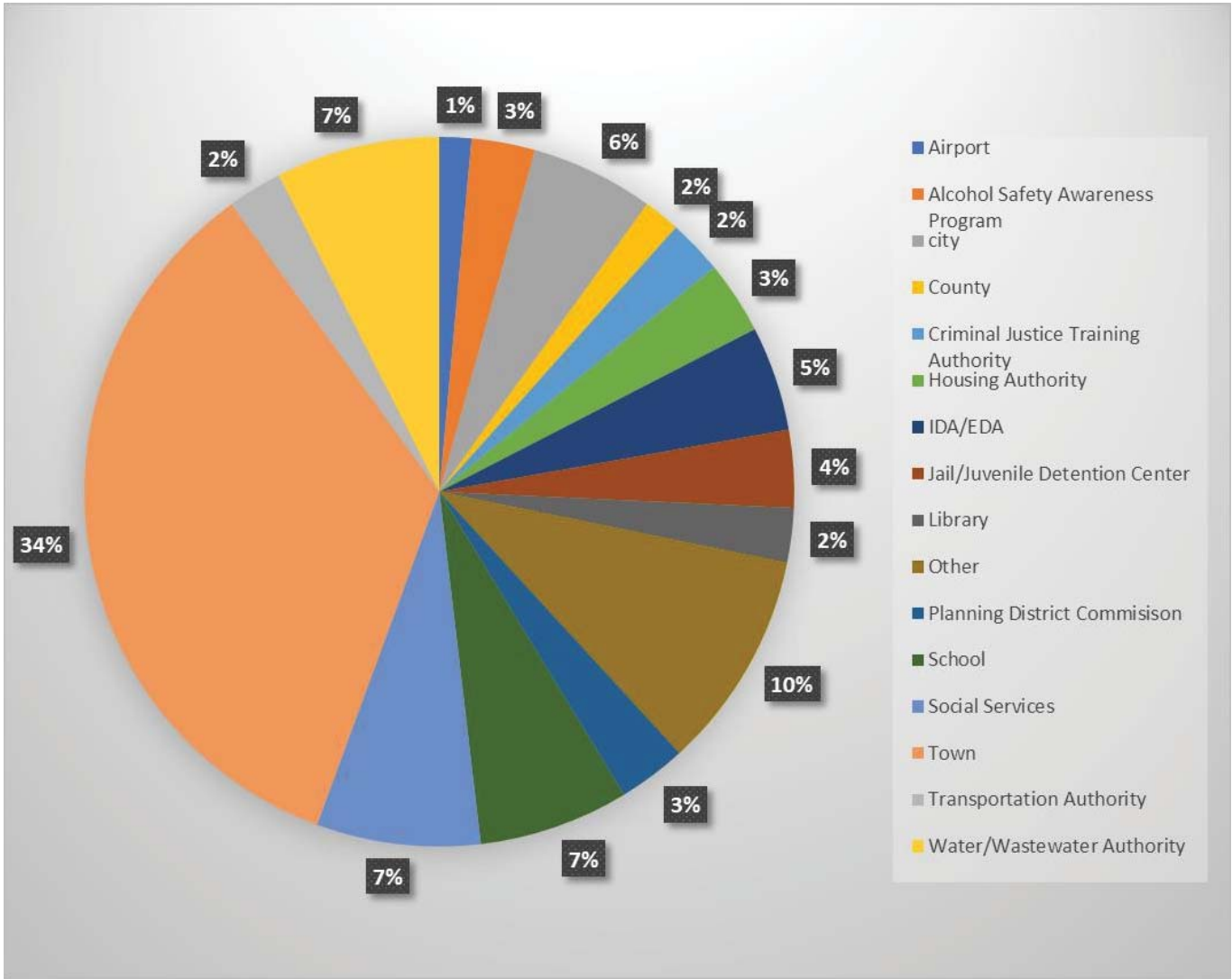
Virginia Risk Sharing Association - Reinsurance History

Policy Years	Line of Coverage	Reinsurance Carrier	Retention Limits	Quota Share or Limit Cap
2007-08	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	CNA Insurance Company	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$2,000,000	\$500,000 excess of \$2M
	WC	Midwest Employers Casualty Company		100% excess of \$2.5M
	XS	ACE American Insurance Company	\$1,000,000	\$10M limit
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$250M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2008-09	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	CNA Insurance Company	\$25,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$1,500,000	50/50 of \$500,000 excess of \$1.5M
	WC	Midwest Employers Casualty Company		100% excess of \$2M
	XS	ACE American Insurance Company	\$1,000,000 plus 10% excess	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		5% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$250M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2009-10	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	CNA Insurance Company	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$1,000,000	50/50 of \$1M excess of \$1M
	WC	Midwest Employers Casualty Company		100% excess of \$2M
	XS	ACE American Insurance Company	\$1,000,000 plus 10% excess	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		5% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$250M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2010-11	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	CNA Insurance Company	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$1,000,000	50/50 of \$500,000 excess of \$1M
	WC	Midwest Employers Casualty Company		100% excess of \$1.5M
	XS	ACE American Insurance Company	\$1,000,000 plus 10% excess	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		5% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$300M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2011-12	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	CNA Insurance Company	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$1,000,000	\$500,000 excess of \$1M
	WC	Arch Insurance Company		100% excess of \$1.5M
	XS	ACE American Insurance Company	\$1,000,000	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		15% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$300M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2012-13	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	Hartford Steam Boiler	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$750,000	50/50 on first \$750,000 above limit
	WC	Arch Insurance Company		100% excess of \$1.5M
	XS	ACE American Insurance Company	\$1,000,000	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		15% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$200M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit

Virginia Risk Sharing Association - Reinsurance History

Policy Years	Line of Coverage	Reinsurance Carrier	Retention Limits	Quota Share or Limit Cap
2013-14	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	Hartford Steam Boiler	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$750,000	50/50 on first \$750,000 above limit
	WC	Arch Insurance Company		100% excess of \$1.5M
	XS	ACE American Insurance Company	\$1,000,000	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		15% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$200M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2014-15	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	Hartford Steam Boiler	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	National Union Fire Insurance Co.	\$300,000	\$1M limit
	WC	NLC Mutual Insurance Company	\$750,000	50/50 on first \$750,000 above limit
	WC	Arch Insurance Company		100% excess of \$1.5M
	XS	ACE American Insurance Company	\$1,000,000	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		15% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$500,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$200M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2015-16	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	Hartford Steam Boiler	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CC	no longer reinsured		
	WC	NLC Mutual Insurance Company	\$750,000	75/25 on first \$750,000 above limit
	WC	Arch Insurance Company		100% excess of \$1.5M after \$250K corridor
	XS	ACE American Insurance Company	\$1,000,000	85% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		15% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Lexington Insurance Co (PEPIP)	\$1,000,000	\$1B limit
	PR windstorm	Lexington Insurance Co (PEPIP)	\$1,000,000	\$200M limit
	PR flood	Lexington Insurance Co (PEPIP)	\$500,000	\$100M limit
2016-17	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	10% excess of \$1M to limit of \$10M limit
	BM	Alliant Property Insurance Program (APIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	Hartford Steam Boiler	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	WC	NLC Mutual Insurance Company	\$750,000	75/25 on first \$750,000 above limit
	WC	Midwest Employers Casualty Company		100% excess of \$1.5M
	XS	ACE American Insurance Company	\$1,000,000	75% excess of \$1M to limit of \$10M
	XS	NLC Mutual Insurance Company		15% excess of \$1M to limit of \$10M
	PD	Alliant Property Insurance Program (APIP)	\$150,000	includes mobile equipment
	PR	Alliant Property Insurance Program (APIP)	\$1,000,000	\$1B limit
	PR windstorm	Alliant Property Insurance Program (APIP)	\$1,000,000	\$200M limit
	PR flood	Alliant Property Insurance Program (APIP)	\$500,000	\$100M limit
2017-18	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	10% excess of \$1M to limit of \$10M limit
	BM	Alliant Property Insurance Program (APIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	Hartford Steam Boiler	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CL (Cyber)	Beazley	\$10,000 - \$50,000	\$25M limit
	WC	Midwest Employers Casualty Company	\$1,500,000	100% excess of \$1.5M
	XS	Chubb	\$1,000,000	90% excess of \$1M to limit of \$10M
	PD	Alliant Property Insurance Program (APIP)	\$150,000	includes mobile equipment
	PR	Alliant Property Insurance Program (APIP)	\$750,000	\$1B limit
	PR windstorm	Alliant Property Insurance Program (APIP)	\$1,000,000	\$200M limit
	PR flood	Alliant Property Insurance Program (APIP)	\$500,000	\$100M limit
2018-19	GL, AL, PO, LE	N/A - level self-insured	\$1,000,000	10% excess of \$1M to limit of \$10M limit
	Pollution	Chubb Environmental	\$25,000	\$1M pollution condition; \$10M aggregate
	BM	Lexington Insurance Co (PEPIP)	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	BM	Hartford Steam Boiler	\$100,000 - \$350,000	shared retention based on hp & KW/KVA; \$100M limit
	CL (Cyber)	Beazley (PEPIP)	\$10,000 - \$50,000	\$25M limit, \$10M member aggregate
	WC	Virginia Interlocal Risk Sharing Assoc (captive)	\$750,000	100% excess of \$750,000
	WC	Midwest Employers Casualty Company	\$750,000	100% excess of \$1.5M
	XS	Chubb (ACE)	\$1,000,000	90% excess of \$1M to limit of \$10M
	PD	Lexington Insurance Co (PEPIP)	\$150,000	includes mobile equipment
	PR	Alliant Property Insurance Program (APIP)	\$750,000	\$1B limit
	PR windstorm	Alliant Property Insurance Program (APIP)	\$1,000,000	\$200M limit
	PR flood	Alliant Property Insurance Program (APIP)	\$500,000	\$100M limit

VRSA and Subsidiaries 2018 - 2019 Membership by Type





COMPLIANCE SECTION

For the period July 1, 2018 – June 30, 2019

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Members' Supervisory Board
Virginia Risk Sharing Association
Glen Allen, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Virginia Risk Sharing Association and Subsidiaries (the "Pool"), which comprise the consolidated statement of net position as of June 30, 2019, and the related consolidated statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Pool's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. There were no prior year findings reported.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keita", with a stylized, flowing script.

November 19, 2019
Glen Allen, Virginia

Virginia Risk Sharing Association Comprehensive Annual Financial Report

Glen Allen, Virginia

For the Fiscal Years Ended June 30, 2019 and 2018



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