PACIF and VERB 2025

Annual Report

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This page contains the *PACIF and VERB 2025 Annual Report*, which summarizes the financial and operating results for VLCT's two risk-sharing trusts, the Property and Casualty Intermunicipal Fund (PACIF) and the VLCT Employment Resource and Benefits (VERB) trust.

PACIF's and VERB's complete *2025 Audited Financial Statements* are available to their respective members upon request to sabbene@vlct.org.

Staying Strong – Together

Both PACIF and VERB exist to serve the member municipalities that entrust them with their insurance, risk management, and unemployment insurance needs. The VERB and PACIF Boards of Directors along with VLCT staff extend deep appreciation to every member of PACIF or VERB for your continued commitment and loyalty to VLCT's insurance trusts.

In 2025, both trusts posted strong gains in net position through increases in operating results as well as investments.

- VERB's operating income of $55,268 while lower than 2024 results, was better than planned. VERB's investment gains were also stronger than anticipated.
- After posting an operating loss in 2024, PACIF ended 2025 with much better than expected gains in its operating results. Despite higher than expected current fund year losses, better than expected development of prior year fund losses resulted in a robust $2.48 million net operating income. When combined with investment gains of $8.9 million, PACIF's

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net position increased to $75.6 million, putting it in a strong position to pay claims for its members.

While these results are reason for optimism, they are tempered by PACIF's increased loss results, with the past two years greatly exceeding expected losses. The many causes for these higher losses include social inflation on liability claims, higher medical costs, increased sophistication of motor vehicle systems leading to more costly repairs, higher construction costs, and more. Because of this, we continue to partner with PACIF members on programs designed to reduce the potential for loss and to mitigate losses when they do occur. Dedicated loss control representatives for each member, our law enforcement consultant, two employment law and human resources consultants, contract reviews, grant and scholarship programs, and PACIF Learn are all services available to PACIF members to help reduce their potential for loss and manage their community's cost of risk.

PACIF Highlights of 2025

- Retained 100% of 2024 members and added two new members.
- More than 95% of the eligible municipal entities in the state are now PACIF members.
- Loss control staff completed 420 safety surveys of member facilities, made 1,067 recommendations for safety improvements, and trained more than 424 municipal employees. Loss control consultants spent a total of 726 hours on-site with members.

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- A new senior human resources consultant with deep government employment experience was hired to help members understand and work through challenging employment issues – toward managing workplace risks and cultivating effective leadership practices.
- Directly assisted members with approximately 850 human resources and law enforcement risk questions.
- Through the EPL Referral program, referred 65 members to vetted external employment law attorneys. These members received 114.64 hours of free legal advice from the external attorneys.
- 77 members made use of PACIF Grants worth a total of $171,933.74. Risk management items purchased with grant funding included video security systems with internet connectivity, work zone safety equipment such as sign packages and related items, curved-edge plow blades, firefighting turnout gear, and ergonomic office desks and chairs.

2025 PACIF Financial Summary

PACIF Statements of Net Position

	2025
ASSETS	

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Cash and investments	$121,498,478
Other assets	$6,511,524
Total assets	$128,010,002
LIABILITIES	
Other liabilities*	$3,029,187
Net claim reserves	$49,413,876
Total liabilities	$52,443,063
NET POSITION	
Restricted for Grant Program	$200,000
Unrestricted	$75,366,939
TOTAL NET POSITION	$75,566,939

*Accounts payable, contributions collected in advance, subscription liability, and contribution credits payable.

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PACIF Statements of Contributions, Expenses, and Changes in Net Position	2025
OPERATING	
Operating revenues	$31,839,319
Operating expenses	$29,356,489
Net operating income	$2,482,830
NON-OPERATING	
Net investment revenues	$8,850,206
Contribution credits to members	($1,500,000)
Net non-operating income	$7,350,206
CHANGE IN NET POSITION	$9,833,036
Net position, beginning of year	$65,733,903
NET POSITION, END OF YEAR	$75,566,939

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VERB Highlights of 2025

- Added two new members and retained 100% of the 2024 members.
- Handled 63 unemployment insurance claims, totaling nearly $300,000 in claim costs.
- Rates for 2025 were decreased by 12% on average overall compared to 2024.
- Returned $100,000 in contribution credits to members.
- Staff, in conjunction with the trust's third-party administrator, Equifax, conducted training specifically for UI Trust members on UI best practices and the Equifax CaseBuilder system.

2025 VERB Financial Summary

VERB Statements of Net Position	2025
ASSETS	$5,179,473
LIABILITIES	$345,272

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NET POSITION	$4,834,201

New in 2026 – as of May

- PACIF's Human Resources Consultation program continues to offer useful training to municipal leaders who direct or manage staff – with practical ways to develop and retain valued employees, cultivate high performing teams, and manage workplace risks.
- PACIF loss control consultants are providing more in-person consultations at member locations and working more closely with member teams to foster a culture of safety and minimize risk.
- Work continues on PACIF's new operational system, with plans for the Underwriting functions of the member portal to go live this summer. This will allow members to more easily communicate regarding their insurance, obtain insurance documents, and upload information for their renewal.
- Work on the Claims portion of the new operational system continues. Its implementation is anticipated for this fall.

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