



CITY COUNCIL ACTION REPORT

May 1, 2007

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Administration
James A. Nash, Financial Services Director
Stephen Cooperrider, Risk Manager

SUBJECT: Agenda Item – Casualty and Property Insurance Renewal – Request to Negotiate with the Michigan Municipal Risk Management Authority (MMRMA)

Background:

- The City has been a member of the MMRMA since 1990.
- The current agreement with the MMRMA expires November 8, 2007.
- The MMRMA has asked if the City would be open to negotiating a new agreement (Letter attached dated April 10, 2007).
- The MMRMA has submitted a successful competitive bid on four separate occasions since 1990.
- The MMRMA and City have successfully negotiated four additional agreements with City Council approval since 1999.
- The MMRMA insures 43 governmental entities in Oakland County, and 327 entities Statewide.

Financial Considerations:

- Mr. Boyd Smith of the MMRMA is aware that any negotiation with regard to pricing is open to review by competitors should the City and MMRMA not come to an agreement.
- Other services provided by the MMRMA as part of the insurance premium include: Notary Bonds, Oakland County Sheriff's Bonds, claims handling services, loss control services, input and decision making authority on claims prior to settlement, no annual aggregate limits of liability, risk transfer counseling, risk management counseling, and others.
- MMRMA financial strength (program assets of \$273,437,012 and a fund balance of \$139,336,511), the broadest available coverage, a reinsurance program that includes carriers with the highest financial ratings that are admitted to do business in the State of Michigan.

Policy Considerations:

- The MMRMA broad coverage document provides the City with a property and casualty insurance portfolio that enhances all of the City's goals and objectives, and has met the City's changing needs.

Options:

- I believe it to be in the City's best interest to give Mr. Smith an opportunity to present and negotiate a proposal from the MMRMA because of their past performance in our competitive bidding process, their past willingness to negotiate fairly with City Management, and their excellent service to the City of Troy for the past 17 years.