



## CITY COUNCIL AGENDA ITEM

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Date: October 14, 2013

To: Members of the Troy City Council

From: Brian Kischnick, City Manager  
Lori Grigg Bluhm, City Attorney *LB*  
MaryBeth Murz, Purchasing Manager *MBM*

Subject: Casualty and Property Insurance- Two (2) Year Renewal with Michigan Municipal Risk Management Authority (MMRMA) for 2013-2014 and 2014-2015

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### History

The City of Troy has received its property and casualty insurance coverage from the Michigan Municipal Risk Management Authority (MMRMA) since 1990. The current agreement with MMRMA expires on November 7, 2013, and City Administration has therefore negotiated the attached two year renewal proposal, which would be effective until November 2015.

MMRMRA competitively provides risk pool insurance coverage for 51 other governmental entities in Oakland County, and 334 governmental entities statewide. MMRMA also provides Risk Avoidance Program grants to municipalities, and the City has received \$79,862 under this program since 2003. MMRMA provides claims handling service, notary bonds, loss control services, risk management counseling, and educational seminars at no additional cost. Additionally, since MMRMA is a risk pool, what would be a profit share for commercial insurers is money that is returned to the municipalities as a net asset distribution. The City will receive \$177,136 for the 2012 year, and has received \$870,372 since the program initiation in 2006. This is a significant offset to the \$378,313 contribution cost for 2013-2014, and the proposal limits the annual increase for 2014-2015 as well.

Based on the good working relationship with the City and the competitiveness of the MMRMA proposal, City Administration did not pursue the competitive bid process, which is not required for professional services.

### Recommendation

City Administration recommends approval of a two year renewal with MMRMA, as detailed in the attached proposal.



MICHIGAN MUNICIPAL  
RISK MANAGEMENT  
AUTHORITY

OCT 11 2013 4:02:34

October 11, 2013

Lori Bluhm, City Attorney  
City of Troy  
500 West Big Beaver Road  
Troy, MI 48084

Dear Ms. Bluhm,

Once again, I am happy to offer the proposal for coverage to the City of Troy. Your contribution cost came in at \$378,313; this is approximately a 13% increase over the previous year. This was mainly due to the increased exposure of law enforcement liability. Your law enforcement exposure increased from 72 to 96 employees, this is 34% increase over last year.

I am also happy to announce that MMRMA has added Data Breach and Privacy Liability coverage, at no additional contribution expense to you. This coverage offers data breach loss, electronic media liability and breach mitigation expense coverage of \$1,000,000 aggregate with a \$25,000/per occurrence deductible. Along with the added coverage we are offering a two year agreement with a maximum increase of no more than 7% on the second year.

This year the Board of Directors has decided to declare a total Net Asset Distribution of \$19.1 million to eligible Members. Your portion of this year's return will be \$177,136 for a total of \$870,372 since the program was started in 2006. Again, I want to impress upon you that your loyalty, claim history and continuous years as a member play a key role in the amount of return a member receives, and the City of Troy has been a member for 23 years.

Please keep in mind MMRMA sets aside \$750,000 in grant funding each year for its Risk Avoidance Program (RAP) to help members develop and implement projects with high potential for solving risk management problems. The City of Troy has participated in funding for police TASERs, in-car cameras, education, and training. The City has received \$79,862 in Risk Avoidance Program (RAP) funding since 2003. RAP funding is an excellent tool in loss control, funding for vehicle monitoring systems for DPS vehicles, sewer push cameras, pre-plan software, security cameras and employee training are just a few of the RAP grants available to you. Please visit [www.mmrma.org](http://www.mmrma.org) to review our standard grant guidelines. Along with our grant money our risk control services are provided to Members at no additional charge. We provide onsite inspections, surveys, review of policies and procedures, employee training, educational material and individual assistance for member's special risk exposures.

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MICHAEL L. RHYNER, Executive Director



MICHIGAN MUNICIPAL  
RISK MANAGEMENT  
A U T H O R I T Y

MMRMA is a Michigan company, we provide insurance and risk management services for Michigan governmental entities only. We work, live and spend our money in the State of Michigan. I consider the City of Troy a valued Member and again I will do everything in my power to earn and keep the excellent relationship we have with the City.

Please, if at any time you have questions or concerns, do not hesitate to call on me.

Sincerely,

A handwritten signature in black ink that reads "Boyd M. Smith / ks".

Boyd M. Smith, CIC  
MMRMA Risk Manager

BMS/ks

cc: MaryBeth Murz, Purchasing Manager



MICHIGAN MUNICIPAL  
RISK MANAGEMENT  
A U T H O R I T Y

City of Troy

Contribution

2013	\$378,313	
2012	<u>\$349,501</u>	
	\$48,712	13% increase

Law Enforcement Liability

Employee Equivalents

2013	96	
2012	<u>72</u>	
	24	34% increase

Net Asset Distribution                      \$177,136

## TWO YEAR CONTRIBUTION AGREEMENT

In consideration of the items below, Michigan Municipal Risk Management Authority (MMRMA) and the **Member** (City of Troy) agree:

1. This contribution agreement shall extend for a two (2) year period starting November 8, 2013 and ending. November 8, 2015.
2. For the second year of this Agreement, the contribution level may be increased, but not more than seven percent (7%). "Contribution level" shall mean the Member's total annual contribution to MMRMA less that portion of the contribution for the Michigan Catastrophic Claims Association and other state mandated charges and also less that portion of the contribution which funds the payment of losses and expenses falling within the Member's self-insured retention.
3. Substantial exposure increases such as an addition of a new building or major increase in departmental size or operations shall be exempted from the above limitation.
4. This agreement excludes any coverage change in the MMRMA Coverage Document, Joint Powers Agreement, Reinsurance Treaties, MMRMA rules and MMRMA administrative procedures.