



CITY OF BATTLE CREEK
Risk Management

M Date: June 13, 2017
E To: Rebecca Fleury
M From: Elizabeth Riser
O Re: MMRMA Renewal

On July 1, 2016, the City transitioned from traditional property and liability insurance to MMRMA, which is a public risk pool for municipalities throughout Michigan. MMRMA was created over 30 years ago and serves many nearby communities including The City of Kalamazoo, Jackson County, Barry County, Calhoun County and the City of Grand Rapids.

This year we are looking at an increase in premium of \$27,452.00, which equals a 5.3% increase. Much of this increase is attributed to corrected and increased values of our Emergency Response vehicles, which is made up of 17 fire vehicles. These vehicles are covered at a replacement cost as opposed to an actual cash value. A breakdown of cost per division is below.

	FY 2017 Cost	FY 2018 Cost	Change
Automobile Liability & Vehicle Physical Damage			
22 Buses	\$10,314	\$10,546	\$232
13 Police Vehicles "All Other"	\$3,258	\$3,609	\$351
73 Police PP/Patrol	\$27,408	\$24,936	-\$2,472
45 Private Passenger	\$13,289	\$14,486	\$1,197
153 Trucks	\$34,261	\$34,746	\$485
22 Vans	\$6,067	\$7,181	\$1,114
17 Fire (with replacement coverage)	\$19,284	\$32,909	\$13,625
Sewer Liability Coverage	\$4,565	\$4,940	\$375
Police Professional Liability Coverage	\$157,168	\$166,550	\$9,382
Public Officials Liability	\$32,291	\$36,539	\$4,248
All Other Liability	\$33,097	\$35,042	\$1,945
Property	\$172,451	\$169,421	-\$3,030
Total Contribution	\$513,453	\$540,905	\$27,452

Throughout the last 12 months, we have begun to see advantages of being a member of MMRMA and look forward to additional benefits as our partnership continues in the next year.

Benefits received in the last 11 months.

1. MMRMA is responsible for the Michigan Catastrophic Claims fee, which for 2016 was \$54,880.00 and for 2017 is \$55,200.00. In addition, the City is no longer responsible for the Michigan Assigned Claims fee, which was almost \$13,000.00.
2. The City is no longer considered Self-Insured for Michigan no-fault insurance. This saves time applying each year as well as cost as we are no longer required to obtain an actuarial to certify as a self-insured. MMRMA will pay Michigan No-Fault benefits (PIP and PPI, mini-tort) as a first dollar coverage, meaning that the City does not have a deductible or retention to meet before MMRMA will pay the claim. In the last policy term, MMRMA paid \$11,798.84 of first dollar-covered claims and have a total reserve of \$6,114.68, which includes two (2) open PIP claims.
3. MMRMA is now listed as the Responsible Reporting Entity (RRE) for the City in relation to the Medicare Secondary Payer Act and is able to stay up to date and compliant with all liability claims reporting requirements.
4. MMRMA acts as a Third Party Administrator (TPA) for all City liability claims including sewer backups. As part of this agreement, they will investigate and adjust all claims providing their expertise. Settlement authority will remain with the City. This has freed up approximately 26 hours per month of staff time, as we no longer have to thoroughly investigate all claims and communicate with the claimants, thus allowing time for additional responsibilities. In addition, defense, when required, will be administered through MMRMA and under the direction of the City Attorney, freeing up City Attorney staff for other tasks.
5. As we no longer have a need to contract with a TPA, ASU Group, for advanced claim handling we were able to cancel that agreement. Our Agreement with ASU group called for an annual administrative fee of \$500.00, plus a per claim fee ranging from \$450.00-\$750.00, depending on the type of claim.
6. Assistance with Subrogation - MMRMA has a department specializing in cost recovery and will assist the city when necessary to recover against a third party on insurance claims. To date, MMRMA has recovered \$6,483.43 on behalf of the City.
7. Development of a Risk Transfer Manual – With the assistance of our MMRMA Regional Risk Manager, the City is in the final stages of developing an organization-wide Risk transfer manual, which will allow us to consistently evaluate and transfer Risk, including those associated with purchasing orders, contracts and special events.
8. Reduced liability claim dollars spent, largely due to improved processes for accepting and evaluating sewer system event claims.
 - Average amount paid/year in sewer losses from FY 2011 – 2016 including Lakeside Apartments - \$114,231.78
 - Average amount paid/year in sewer losses from FY 2011-2016 excluding Lakeside Apartments- \$83,767.55
 - Amount paid in FY 2017 – \$4,077.50

9. Training opportunities – MMRMA offers training at little or no cost to its members on topics relevant to municipalities. This year, members of our Clerks office took advantage of training on FOIA and the Open Meetings Act.

10. CBIZ Valuation Group has completed the first step in performing the property appraisal report. The field visit, completed in May of this year, included a valuation of all owned structures greater than \$50,000.00 in value. This property appraisal, which would typically cost between \$10,000 - \$20,000, is paid for by MMRMA. The City will receive the finalized appraisal report within the next few months.

Additional Benefits Anticipated in the next 12 months

1. Availability of Risk Avoidance Program (RAP) Grants - see sheet enclosed for examples

RAP grants were created by MMRMA in 1997 to help members fund risk management projects. To date, RAP has provided over \$10 Million in financial assistance to the membership.

2. Possibility of Premium Distribution – In 2017, MMRMA distributed \$23.7 million of excess net assets to the current renewing MMRMA individual and state pool members. MMRMA has distributed over \$249,000,000.00 to its renewing members since 2006.

3. Cyber Liability coverage has increased from \$1 million dollars of coverage to \$5 million dollars of coverage since we joined MMRMA.

4. MMRMA will come on location and train employees on relevant topics such as sexual harassment, workplace violence, and cultural diversity/sensitivity free of charge. We are hoping to take advantage of this in the coming year.

Please let me know if you have questions,



Elizabeth Riser
Insurance Loss Control Specialist

Enclosure