

THE RISK JOURNAL

A PUBLICATION FOR MMRMA MEMBERS

DECEMBER 2008



A New Look and Focus on Member Communications

new look, new schedule

THIS ISSUE OF *The Risk Journal* looks a lot different than the last one you received, and we hope you like what you see. The newsletter is now shorter, more colorful, and will be published every two months rather than quarterly to feature articles and updates that are more timely and useful to the membership.

From now on, look for bi-monthly issues in your mailbox and at mmrma.org in early February, April, June, August, October, and December.

Thanks to new printing technologies, we can produce a vibrant full-color newsletter at a lower cost than the previous two-color version. Now, with the rollout of MMRMA's new logo and look, it's the perfect time to refresh this longstanding and effective publication.

The revamped *Risk Journal* is just one of many changes being implemented in MMRMA's communications to members. We are reviewing MMRMA's entire array of media, including our website, newsletters, and quarterly reports.

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Our goal is to streamline materials, improve timeliness, and take advantage of cutting-edge technologies to present members with an informative, interesting, and useful menu of communication options.

Keep an eye out for future improvements and let us know what you think!



By Michael Rhyner
Executive Director

Many Thanks to Outgoing Board Members

THREE MEMBERS OF THE MMRMA Board of Directors are departing this year, and I want to take this opportunity to thank them for their service and contributions to the MMRMA membership.



Tom Yack

Tom Yack has retired as Supervisor of the Charter Township of Canton after serving his community since 1988. Tom has served on MMRMA's Board of Directors since 1996, when he was appointed to fill the unexpired term of Jim Kelly. Tom was elected to a full term in 1998 and subsequently reelected in 2002 and 2006. Tom's ability to bring humor and wisdom to the Board will be missed.

Leonard Peters will also leave MMRMA's Board at year's end. After 26 consecutive years of service as Eaton County Commissioner, Leonard decided against running for re-election.

Leonard has served on the MMRMA Board since 2003, when he was appointed to fill the unexpired term of Don Dodge. He was subsequently elected to a full

term in 2004. Leonard has been a true guiding hand for the Board, drawing on his many years in the insurance business and community service.

After 20 years of service to Van Buren Township, including as Township Supervisor since 2000,



Cindy King

MMRMA thanks Board members Tom Yack, Leonard Peters, and Cindy King for their counsel, guidance, leadership, and friendship.

Cindy King will not be returning to the position in 2009, and will therefore leave the MMRMA Board as well. She was elected to the MMRMA Board in 2002 and re-elected in 2006. Cindy has been a strong and conscientious voice for fellow Board members and MMRMA.

These talented, dedicated individuals have significantly contributed to MMRMA's many successes. Their willingness to devote their time, energy and expertise is a hallmark of our excellence. I will miss their support and their friendship.

I know all MMRMA members join me in thanking Tom Yack, Leonard Peters, and Cindy King for their contributions and work on behalf of MMRMA and its membership, and in wishing them the best of luck and happiness in their future endeavors.



Leonard Peters



By Allen Smolen,
Risk Consultant

Set the Foundation for Cost Recovery

ECONOMIC CONCERNS are a real part of the day-to-day challenges faced by many municipalities. Tighter budgets and reduced workforces make it more important than ever to use cost recovery practices that can be put into place for little or no cost.

The first step in cost recovery is to develop and adopt a cost recovery ordinance that allows your municipality to legally charge for services rendered under specified conditions. Most communities have a cost recovery process for hazardous materials incidents that pose the threat of budget drain due to the high costs of personnel, equipment, and contractors. The charges add up quickly when citizen safety and property damage are at risk.

A prime candidate for the cost recovery process is the crime of arson. While statistics for 2008 are not yet available, MMRMA's daily monitoring of public safety operations and frequent contact with fire department administrators have revealed a statewide increase in arson and suspected arson. As with hazardous materials incidents,

The first step is to adopt a cost recovery ordinance that allows your municipality to legally charge for services rendered.

Arson poses significant costs in wages, equipment, supplies, and investigation. Adopting a cost recovery ordinance that includes arson gives you the opportunity to recover actual costs.

When implementing a cost recovery ordinance, consider whether to adopt a fee schedule for labor, equipment and supplies, or to adopt legislation that will reimburse for "actual costs."

Actual cost reimbursements involves a bit more paperwork, but compensates for current economic conditions. An adopted fee schedule sets rates, but must be reviewed at least annually to reflect any cost increases.

Recovering costs for crimes and "unusual" circumstances has become increasingly popular with local governments. While having a cost recovery ordinance does not guarantee recovery of financial expen-

ditures, *not* having an ordinance almost guarantees that any cost recovery attempt will be futile.

Fire Insurance Withholding Program

Another way to legislate cost savings is to pass a resolution and participate in the Fire Insurance Withholding Program (Sections 2485 and 2227 of the Michigan Insurance Code). This Department of Labor and Economic Growth program allows municipalities to establish escrow accounts for 25 percent of a fire insurance settlement.

The current maximum of \$7,681 per occurrence (adjusted annually) can be used to repair or demolish a structure damaged by fire, explosions, and other catastrophes if property owners abandon their responsibility to do so.

Under Section 2845, municipalities with less than 50,000 residents in counties with less than 425,000 residents can escrow 25 percent (up to \$7,681) of a fire insurance settlement for fire and explosion losses to real property within municipal boundaries.

Section 2227 of the Insurance Code applies to larger municipalities with more than 50,000 residents AND municipalities under 50,000 in counties with a population above 425,000.

In addition to the 25 percent escrow (\$7,681 maximum) of settlements for fire or explosion losses, these larger municipalities can establish escrow accounts for losses caused by vandalism, malicious mischief, wind, hail, riot, or civil commotion to real property within the municipal boundaries.

Participation in Michigan's Fire Insurance Withholding Program can help municipalities offset costs for blight reduction, ordinance enforcement, and citizen safety. Another very popular feature of the program: it's FREE!

For program information, an application form and a sample resolution, go to: www.michigan.gov/documents/cis_ofis_pa495web_25003_7.pdf.

For a list of participating Michigan municipalities, visit www.michigan.gov/documents/cis_ofis_pa495lst_25173_7.pdf.

For more information, contact the Office of Financial and Insurance Regulation at 517 373-2984.

Registration Underway for 2009 Risk Management Workshop

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The Risk Journal is published six times a year for members of the Michigan Municipal Risk Management Authority. We welcome your feedback. To comment or suggest story ideas, please contact Tamara Christie, communications specialist, at (734) 513-0300, (800) 243-1324, or tchristie@mmrma.org.

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THE AGENDA IS SET for the 2009 Risk Management Workshop, to be held March 4–6 at the Sheraton Lansing, and it deals with issues affecting our industry and the municipal workforce as a whole. Here's a preview:

The opening day, March 4, is reserved for meetings of the regional risk managers and Membership and Finance committees.

On Thursday, March 5, an opening session by Bill Ballenger, publisher of *Inside Michigan Politics*, is followed by three training sessions:

- > [Whistleblowers and Employment Issues](#)
- > [Ethics and Integrity in Public Service](#)
- > [MMRMA Taser Program](#)

The afternoon general session features Don Tuski, president of Olivet College, who will discuss the impending leadership gap in the insurance industry and how to get young people interested in insurance careers. Participants can then choose one of three breakout sessions:

- > [MMRMA's Online Training Library](#)
- > [Changing Workforce Demographics](#)
- > [Civil Public Meetings \(Open Meetings Act\)](#)



Next up is Mike Montgomery, who will offer tips on how local officials can apply for state and federal grants to supplement municipal budgets.

Ending the day is a special appearance by Radio Hall of Fame broadcaster Ernie Harwell, legendary voice of Motor City baseball. Harwell will share some personal stories of his remarkable 60-year career—from his start as an announcer for the Atlanta Crackers to his 42 years with the Detroit Tigers. Harwell called his final game on September 29, 2002—but he still hasn't slowed down. One thing is certain: no matter what the subject, Harwell will hit a home run!

Watch for your registration form in the mail. For online registration and best selection of training sessions, visit www.mmrma.org.

New Risk Control Brochures on E-Discovery, Diversity, and Fair Credit Guidelines

MMRMA'S ADMINISTRATIVE Advisory Committee has had a productive year, and as part of their efforts, the Risk Control library now features three new brochures that can help members reduce risk and improve operations.

Meeting the Challenge of E-Discovery features timely, essential guidance on managing 21st century technology. Requests for the production of electronic discovery are rapidly becoming standard practice in litigation, and this updated brochure provides guidelines for situations in which your municipality or department might be called upon to preserve electronically stored information (ESI).

Managing Diversity in the Workplace: A Multigenerational Approach presents an overview of diversity issues, including the latest research and guidelines on working in settings with employees from multiple generations.

Now more than ever, generational differences comprise a major facet of workplace diversity. This brochure can help promote thoughtful dialogue, understanding, and effective teamwork. Open-minded employees and employers can be empowered to make your workplaces more vibrant while reducing the challenges often associated with increased diversity.

Evaluating an Employer's Obligations

Under the Fair Credit Reporting Act provides an overview and general guidelines about the FCRA and related regulations. MMRMA members can use this brochure to familiarize themselves with the FCRA; employers are also encouraged to seek legal counsel to ensure compliance with the technical, detailed requirements of the amended Fair Credit Reporting Act.

To request copies for your municipality, contact your regional risk manager or call MMRMA Risk Management at 734 513-0300.