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Lawmakers Send Message: Don't Text and Drive

by Michael Ellis
Director of Claims

"Keep your eyes on the road and your hands upon the wheel."

You might think these words were uttered by your 1960s driver's education instructor, but they're actually from a song titled "Roadhouse Blues" by the '60s band *The Doors*, who, despite their proclivity for courting danger, understood the dangers of distracted driving.

Since the dawn of automobiles, accidents have been caused by inattention. As car ownership has grown and auto speeds have increased, problems have only accelerated.

At first, the novelty of driving itself was a distraction. As more gauges and controls were added to our rides, distractions multiplied. Ultimately, however, the familiarity of being behind the wheel has become our biggest problem.

Ironically, we've shifted from seeing car travel as a thrill ride to something completely innocuous, akin to a moving sofa. We act as if we believe we're as safe in our cars as in



The Michigan Office of Highway and Safety Planning has launched a "Thumbs on the Wheel" ad campaign to get the word out on the texting ban.

our living rooms, and appear to be willing to do almost anything in our car that we'd do on the couch.

Today, parents warn their children against driving while using cell phones—yet teens aren't solely to blame. The Blackberry and other cell phones have spawned an entire generation of people—from business owners to soccer moms—with cell phones glued to their ears.

I have, on many occasions, wished there was a way to silence obnoxious cell phone users in airplanes, restaurants, and the cinema. I'm certain many readers can relate. Well, we got what we wished for, and texting has arrived.

When no one else heeded the warnings about talking on a cell phone while driving, lawmakers got involved.

Several cities have attempted to ban cell phone use while driving by criminalizing the behavior, but problems arose: What if the call involves a medical emergency?

Meanwhile, as society struggled with balancing the public good of open communications with public safety concerns, the texting craze exploded. Before we figured out how best to deal with talking, everyone was typing.

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Michigan is one of 24 states to ban text messaging while driving. The law took effect July 1, 2010 and is being enforced by local and state police.

FACT: House Bill 4394 amends the Michigan Vehicle Code to prohibit texting while driving, now a civil infraction with a first-time \$100 fine and a \$200 fine for subsequent violations.

FACT: A study by the Insurance Institute for Highway Safety found that drivers who use hand-held devices are four times more likely to get into crashes serious enough to injure themselves.

Strong Member Renewal Rate Affirms MMRMA's Value

by Michael Rhyner

MANY MMRMA MEMBERS renew their coverage on July 1 for the upcoming year. We are pleased that our member retention rate continues to be nearly 100 percent.

In the current economic climate, municipalities in Michigan and nationwide are looking to save money at every turn. To do so, municipalities may seek quotes or bids for their insurance program, and some competitors may quote prices lower than those of public entity pools.

It's essential for pool members to perform an accurate comparison between commercial insurance products and the pool's coverage and service. The old saying, "If it looks too good to be true, it probably is," is highly applicable in such cases. Following are five key points to consider.

The roller-coaster of risk: In soft markets, extremely low prices don't generate sufficient revenue to cover claims and related expenses. Insurers sustain large financial losses, which triggers a hard market where prices increase sharply or coverage is cancelled.

1. Mind the Gap

Look for gaps in coverage, which may be eroded through sub-limits and aggregate caps on critical areas such as employment practices liability and law enforcement.

For example, "claims-made" insurance policies restrict your ability to file claims to a specific time frame. If you terminate a "claims-made" insurance policy and don't purchase additional coverage for an extended reporting period, claims will not be covered. Your regional risk manager can point out these distinctions.

2. What Goes Down Must Go Up

At last March's workshop, MMRMA gave a presentation on hard market/soft market insurance cycles. We showed how, in soft markets, extremely low prices don't generate sufficient revenue to cover the long-term costs of claims and related expenses.

This ultimately results in large financial losses for those insurers, which in turn triggers a hard market where prices increase sharply or coverage is cancelled or non-renewed.

One of the fundamental purposes of MMRMA is to protect municipalities from these market cycles by providing predictable, stable pricing over the long term.

3. Service, Service, Service

MMRMA's service is second to none. From claims and legal services to risk control, our team has consistently delivered award-winning member service. Member risk management programs are further enhanced and augmented with our Risk Avoidance Program grants, which have awarded \$10 million to date. This service level simply can't be matched by national commercial insurers.

Our programs will not be stripped down in response to competition, a philosophy that has served us well through hard and soft insurance markets.

4. Our Gold-Standard Philosophy

MMRMA is the "gold standard" for municipal liability and property coverage and service. Our mission is to provide the highest quality coverage, programs, and services to members at stable prices. Our programs will not be stripped down in response to competition, a philosophy that has served us well through hard and soft insurance markets. The results of our most recent renewals and our 30 years of success are testimony to the wisdom of this approach.

5. It's Your Organization

MMRMA is a member-owned and member-governed entity. We are financially sound, and any dollars in excess of those required are returned to current renewing members. More than \$37 million has been returned over the last five years.

Municipal officials make up MMRMA's Board of Directors and its many standing and risk control advisory committees. Our members have helped shape the organization and continue to contribute immeasurably to its success.



Fight Identity Theft with the Federal "Red Flags" Rule

by Debra Wilhelm
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Northville

THE FEDERAL "RED FLAGS" Rule, which took effect on January 1, 2008, requires many businesses and organizations to implement a written Identity Theft Prevention Program, with enforcement required by December 31, 2010.

The rule was promulgated under the Fair and Accurate Credit Transactions Act, in which Congress directed the Federal Trade Commission (FTC) and other agencies to develop regulations requiring creditors and financial institutions to address the risk of identity theft. The Red Flags Rule is enforced by the FTC, federal bank regulatory agencies, and the National Credit Union Administration.

According to a report from the President's Identity Theft Task Force, identity theft results in billions of dollars in losses each year to individuals and businesses.

The Red Flags Rule picks up where data security leaves off. The rule requires businesses and organizations to identify, detect, and respond to the warning signs—or "red flags"—of identity theft.



The Red Flags Rule requires entities to identify, detect, and respond to the warning signs—or "red flags"—of identity theft.

The goal is to ensure that businesses remain on the lookout for signs that an imposter is using another person's information, typically to obtain products or services with no intention of paying for them.

Are You Covered?

Determining whether an entity is covered by the rule isn't based on industry or sector, but rather on whether its activities fall within the relevant definitions.

The rule applies to financial institutions and creditors. Typically, it applies to businesses that provide goods or services and bill customers later on. The rule requires entities to conduct a periodic risk assessment to determine if they have "covered accounts."

The rule defines a "covered account" as:

1. An account that a financial institution or creditor offers or maintains, primarily for

personal, family, or household purposes that involves or is designed to permit multiple payments or transactions. Included in this definition are credit cards, mortgage loans, car loans, margin accounts, cell phone accounts, utility accounts, and checking or savings accounts.

2. Any other account that the financial institution or creditor offers or maintains in which identity theft presents a reasonably foreseeable risk to customers, or to the safety and soundness of the financial institution or creditor. Such risks may include financial, operational compliance, reputation, or litigation issues.

Every financial institution and creditor is required to establish an Identity Theft Prevention Program tailored to the size, complexity, and nature of its operation.

Each program must contain reasonable policies and procedures to:

- Identify relevant red flags (patterns, practices, and activities) that signal identity theft
- Detect red flags in their operations
- Respond appropriately to any red flags detected to prevent and mitigate identity theft
- Ensure that the program is updated periodically to reflect changing risks to customers, or to the safety and soundness of the creditor.

Take Action to Comply

Just getting something down on paper won't reduce the risk of identity theft. The rule sets out requirements for incorporating the program into your daily operations.

Your board of directors must approve a written program that outlines who is responsible for its implementation and administration. The program also must include appropriate staff training.

For more information, including a downloadable "Do-it-Yourself Prevention Program," go to this website: www.ftc.gov/redflagsrule.



The scenic Black River flows through Ottawa National Forest and Iron County in Michigan's Upper Peninsula.

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MMRMA Remembers a Great Leader and Friend

IRON COUNTY AND MMRMA lost a great friend and civic leader in Larry Harrington, who died in May at age 74.

A member of MMRMA's State Pool Board/Committee for 15 years, Harrington brought a keen sense of governance, planning, and the needs of the Upper Peninsula to the table. He served as Iron County Commissioner for 16 years, 5 as board chair, and also sat on the board of the Michigan Association of Counties.



Of Harrington's tenure with MMRMA, Executive Director Mike Rhyner says, "Larry was a great public servant who unselfishly contributed his time and energy to the betterment of this organiza-



Iron County, in the southwest Upper Peninsula, was named after its most important resource, iron ore, shipped via rail to smelters throughout the Midwest.

tion." Rhyner adds, "Larry was always willing to offer me advice, which was usually spiced with his dry sense of humor. We'll miss his smile and the twinkle in his eye."

State Pool Committee chair Ron Beaton remembers that Harrington was one of the first people to welcome him to the committee.

"Larry loved to talk about his beloved U.P.," Beaton says. "He appeared to be a quiet person, but when he had something to say, he made sure he got his point across."

Kathy Revels, MMRMA board member and former chair of the State Pool Committee, says Harrington "was an anchor for us. Larry had experience in many areas of risk management to draw from and share. He will be missed not only for his knowledge, but also because he was a treasured friend."

Harrington will be deeply missed at MMRMA as well, and we send our condolences to his family and Shelby, his wife of 55 years.

Texting Ban, continued from page 1

Texting became, like many other ostensible solutions, worse than the problem it aimed to solve.

Although texting alleviated some noise pollution, it also created a new dimension of inattentive driving, far beyond any distraction associated with cell phone use. Texters have to look down while typing, which takes their eyes off the road for, some attest, 30 seconds at a time.

On April 30, 2010, Michigan joined 24 other states in

making texting while driving a civil offense. Governor Granholm signed H.B. 4394 into law on Oprah Winfrey's TV show. In the same Oprah segment, viewers were asked to commit to "keeping your car a no-phone zone."

Their willingness to do so is not surprising. A *CBS News/New York Times* poll found that 9 out of 10 adults support a legal ban on texting while driving.

Michigan's law took effect on July 1, 2010, and state

and local police have begun to enforce it statewide.

The National Highway Transportation Safety Administration reports that in 2008, nearly 6,000 people died in crashes involving distracted drivers, and more than a half-million were injured.

Although we don't know how effective Michigan's law will be in reducing those numbers, MMRMA advises members to review all personnel policies in light of it.