

THE RISK JOURNAL

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Friendly Florence (Nagy) Aces "Friendly Fire" Seminar

By Michael Ellis
Director of Claims

MMRMA SENIOR PROPERTY Adjuster Florence Nagy, a.k.a. "Friendly Florence," recently attended *Structural & Mobile Property Fire Investigation*, an arson prevention seminar from the Michigan chapter of the International Association of Arson Investigators (IAAI).

Nagy's previous fraud classes have earned her the designation of Fraud Claims Law Associate (FCLA), which helped her achieve the Senior Claims Law Associate (SCLA), a premier national certification.

A longtime IAAI member, Nagy stood alongside firefighters to receive hands-on training in detecting arson. A donated structure was used in a controlled burn called a "friendly fire," where clues left by debris in deliberately set fires can be identified.

In their haste to quell a fire, firefighters sometimes destroy evidence that points to arson—so it's important to strike a balance between removing embers that may reignite the fire and preserving criminal evidence.



MMRMA's Arson Losses

MMRMA has suffered a number of significant fire losses due to arson. On April 13, 1992, the Monroe County Courthouse had fires erupt at three different locations. Local authorities concluded that this was not a coincidence, but rather the work of an arsonist.

Although no one was charged in the case, investigators believed the fires may have been motivated by revenge or, because some court records were destroyed, an attempt to disrupt certain criminal prosecutions.

The seminar used a donated structure in a controlled burn called a "friendly fire."

In her experience, Nagy says that while most people think of arson as an insurance scam, arson for profit is only one of many motives. Arson may also be used to exact revenge or conceal other crimes.

Psychological maladies can also lead to arson. Pyromaniacs simply enjoy the excitement associated with fire, while other people set fires to create an opportunity to become a hero.

In Michigan in 2010, an estimated 2,495 intentionally set fires resulted in 9 deaths, 74 injuries, and more than \$30 million in property losses. Source: National Fire Reporting System

The Hero Scenario

One of the largest fires in MMRMA's history fit the hero scenario. On June 2, 1988, a fire in downtown Corunna swiftly spread to the buildings along Main Street, including the historic Surbeck Building.

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Once threatened by arson, this 1903 structure has housed Shiawassee County's administrative offices since 1970. In 1982, it was renamed in honor of longtime county commissioner Devoist J. Surbeck.

Appraisals Keep Members' Property Valuations Accurate

By Michael Rhyner,
Executive Director

MMRMA IS entering the second phase of its comprehensive appraisal of member-owned properties. This multi-year project addresses all member locations valued above \$50,000.



The project was divided into phases due to the large number of locations across the state. Field appraisals are scheduled in a four-year cycle, so about one in four members will have field inspections each year. To date, about one-third of member-owned properties have been appraised at no cost to members.

The appraisals are being performed by CBIZ Valuation Group, a nationally recognized firm specializing in insurance property valuation for a wide variety of clients, including many public entity pools similar to MMRMA.

Replacement Cost Valuation

A building's insurable value is its replacement cost, or the cost required to produce a property of like kind and materials, at a given time, using current market prices for material, labor, manufactured equipment, contractors' overhead, profit, and fees.

Many data sources are used during the valuation process, including:

- CBIZ's proprietary Building Appraisal Manager
- Construction cost databases from Marshall & Swift/Boeckh and R.S. Means
- Engineering manuals
- Technical pricing subscriptions.

The appraisers also consult with architects and contractors to make local adjustments that may not be reflected in national resources. The goal is to make certain that property is reported at the correct replacement cost and that those values are consistent with current material and labor costs.

In addition to the appraisal of real and personal property, the project will also yield other valuable information, including property construction, occupancy, protection, and exposure (COPE) data. Primary COPE data includes:

- Year of construction
- Class of construction
- Square footage
- Number of stories
- Roof construction
- HVAC systems
- Sprinklers
- Fire alarm systems.

CBIZ site visits are coordinated by MMRMA's regional risk managers. Following the site visits, members will receive draft appraisal reports and



The Royal Oak City Hall is one of many historic municipal buildings insured by MMRMA.

summaries through their regional risk manager, who will review the appraisal information with members and make certain all locations over \$50,000 were included.

provided to our reinsurers, who share risk with MMRMA and its members. Accurate and complete data allows MMRMA to negotiate favorable reinsurance rates, which

The appraisal process applies building valuation methods in a consistent, equitable way among all MMRMA members.

Following any additions, deletions, or corrections, members will then receive final reports.

in turn helps hold down member contributions for property coverage.

The Value of Appraisals

These appraisals are important for a number of reasons. First, members can be assured that their property is reported at the current replacement cost value. Second, such information helps to more accurately adjust large property losses. Third, the appraisal process applies building valuation methods in a consistent, equitable way among all members.

Replacement cost information and COPE data must also be

In addition to field appraisals, CBIZ also performs annual trending of replacement cost for all properties that are not physically inspected that year. Annually, CBIZ will calculate inflation/deflation, taking into account the cost of materials, labor, and other building construction factors.

Please contact your regional risk manager with any questions about the appraisal project.

Working to Protect Members' Infrastructure Investments

by Terry Van Doren
Risk Control Consultant

MMRMA'S PUBLIC SERVICES Risk Control Advisory Committee was developed to help members reduce their potential for public services property and liability losses. The committee addresses loss exposures arising from sidewalks, sewer backups, building damage, property vandalism or theft, and vehicle physical damage. Organized in 1988, it was the third risk control advisory committee created by MMRMA's Risk Control department.

Originally called the Department of Public Works (DPW) Advisory Committee, its name changed after the services provided by these types of member departments began to evolve. Formerly focused primarily on public works and construction projects, they transitioned toward services related to maintenance and repair of members' infrastructure, vehicle fleets, buildings, and grounds.

To accomplish its goals, the committee develops resources, training programs, safety brochures, and member alert letters and notices. These practical risk control materials, posted on mmrma.org, provide members with the means to reduce the frequency and severity of losses. The committee also promotes and encourages members to apply



for Risk Avoidance Program (RAP) grants to fund community-specific training and loss reduction programs.

Members of the Public Services Risk Control Advisory Committee represent communities across the state and include department heads, directors of large municipal systems, and employees of smaller entities like townships and villages.

Each committee member brings his or her own unique perspective on issues facing their departments and MMRMA. This provides a broad base of experience and knowledge with which to address the ever-changing public service challenges members face.

Risk Control Resources

Recently, the committee completed a safety brochure on Public Act 222 (Michigan sewer backup legislation). The brochure describes how to set up a prevention program and provides sample forms that

A new brochure addresses sewer backups related to the accumulation of oils and grease in municipal sewer lines.

can be distributed to private and commercial property owners.

The committee also developed a brochure addressing sewer backups related to the accumulation of oils and grease in municipal sewer lines. The brochure includes a DVD and printed information that MMRMA members can copy and distribute to restaurants showing how to properly dispose of fats, oils, and grease. The brochure is available online to member employees who have requested and been approved for *Members Only* access to MMRMA's website.

Other committee work involves a recently revised brochure on underground storage tank safety, inspection, and maintenance.

The scope of public works departments has transitioned toward services related to maintenance and repair of infrastructure, vehicle fleets, buildings, and grounds.

PA 222 Training

The advisory committee is also working with MMRMA's claims department and attorneys to present a training course on Public Act 222, which will address the multitude of issues faced by municipal employees dealing with a large sewer backup. Check MMRMA's website for details on this training.

These new projects expand on MMRMA's catalog of risk control resources, DVDs, and brochures, some of which have earned national awards.

The Public Services committee holds half-day meetings on a regular basis. Like all MMRMA risk control advisory committees, it is a great opportunity to network and learn about MMRMA's risk management efforts. If you're interested in joining the committee, contact Terry Van Doren, Risk Control Consultant, at tvandoren@mmrma.org or call 734 513-0300.



The year's first snowfall can be breathtakingly beautiful, or, as the late October storms in the Northeast showed, remarkably destructive.

Michael Rhyner
Executive Director
mrhyner@mrrma.org

Michael Ellis
Director of Claims
mellis@mrrma.org

Chuck Schwab
Director of Risk
Management
cschwab@mrrma.org

Bryan J. Anderson, CPA
Finance Director
banderson@mrrma.org

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@mrrma.org.

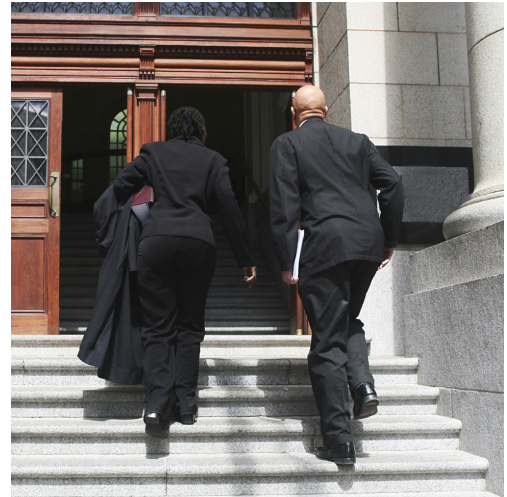
Court Security Workshop Set for December 13–15

CELEBRITY TRIALS and judges as TV personalities are challenging the limits of what constitutes acceptable behavior in court. Although the rules keep changing, today's court officers are expected to deal with unruly defendants and handle juries without prejudicing the case in any way.

Administrators of court security, supervisors, court officers and bailiffs are encouraged to attend MMRMA's *Court Security Workshop*, to be held Tuesday–Thursday, December 13–15 at Marsh Ridge Resort in Gaylord.

This 2 1/2 day workshop will cover:

- Nine keys to courtroom security vulnerability
- Types of weapons used in courtroom incidents
- Trials that are more likely to create security incidents
- Profile of persons most often involved in courthouse incidents



The instructor, Paul Banner, has lectured on court security issues to judges and members of the judicial process nationwide.

Registration is limited to three officers per agency, and class size is limited. To register, go to mrrma.org or contact Cara Kowal at 734 513-0300 or ckowal@mrrma.org.

Arson Prevention Seminar, continued from front page

Although firefighters were successful in saving some of the structures along Main Street, the fire itself was devastating to local businesses.

The post-fire investigation revealed that one of the buildings on Main Street had an upstairs apartment occupied by a tenant with a previous arson conviction. This man had a pattern of setting fires so he could affect a rescue and be praised for his actions. Local newspaper headlines at the time read, *"Arsonist basked briefly in glow of being a hero."*

The fire caused extensive damage to the Surbeck Building, and repairs cost nearly \$1 million. MMRMA

Nationally, the U.S. Fire Administration reports an estimated 210,300 intentionally set fires, resulting in an estimated \$1 billion in direct property losses annually.

worked closely with county officials to restore the Surbeck Building, now a Michigan Historic Site. It was rededicated to public use and today houses Shiawassee County Administrator (and MMRMA Member Representative) Margaret McAvoy and her staff.

Staff Expertise is a Risk Control Strategy
Nagy's attendance at the arson prevention seminar

is another example of how MMRMA staff's commitment to professional development brings greater insight to the claims process.

By gaining greater proficiency, MMRMA staff supports the Board of Directors' long-term goal: To maintain and enhance a public image that reflects a professional high-quality organization and develop and retain and unparalleled staff.

Staff expertise across the broad spectrum of risk control issues is part of MMRMA's Shared Core Values and further testament to our continuing commitment to be the very best at what we do.