2017
annual report
a photo essay
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HARTLAND TOWNSHIP

1890s Threshing Crew.
Welcome to the 2017 Annual Report for Michigan Municipal Risk Management Authority. Our theme this year is MMRMA: Made in Michigan, and we are thankful for this opportunity to celebrate MMRMA... along with a few other things that hail from our beloved Great Lakes State.

In conjunction with our August 2017 Annual Meeting, which shared the Made in Michigan theme, MMRMA held a photo contest. We encouraged members to submit entries in two categories: community and historical.

Some of the terrific contest entries are featured in this Annual Report, including the two winners:

• The image of the scenic Manistee River, which spans the front and back cover, won the award for Best Community Photo, submitted by Manistee County.

• Adjacent to this page, the inside front cover depicts a threshing crew from the 1890s. This Best Historical Photo winner was submitted by Hartland Township.

Throughout these pages, we will explore the bedrock, infrastructure, resources, and people of MMRMA. We will also highlight some of the geological splendors, productive industries, bountiful harvests, and exemplary citizenry that combine to make Michigan a wonderful place to live, work, and thrive.

MMRMA was Made in Michigan in 1980, established by three founding public entities who have remained continuous members ever since. Their ongoing participation and guidance, along with the expertise and cooperation of municipal professionals from our many other member entities, have helped secure MMRMA’s success and its reputation in the public entity pooling industry.

Thank you to the members, staff, and service providers who help make MMRMA an organization we can all be proud of. Together, we will continue to serve current and future Michiganders with care and commitment as we meet the challenges and opportunities of the coming years.
The adjacent image showcases the majestic Pictured Rocks National Lakeshore near Munising. A highlight among must-see spots in Michigan’s breathtaking Upper Peninsula (U.P.), this landmark exemplifies our Annual Report theme and the timeless endurance of our state’s bedrock.

MMRMA represents the foundations of public entity pooling in our state and across the country. Its origin, familiar to some readers, is worthy of repetition: In 1980, Redford Township, the City of Ishpeming, and Livingston County joined together to build something many said would never work, much less last nearly four decades. Clearly, MMRMA is much younger than the sparkling cliffs of the U.P., but the organization was formed as part of a national movement, and its legacy as a leader in the resulting industry is firmly established.

**Member-driven**

Since the beginning, MMRMA has been member-driven. When the first Board of Directors held their inaugural meeting on March 31, 1980, they cemented that philosophy and set the stage for everything to follow. Through decades of local and global changes, MMRMA has seen impressive membership growth, from three to 405. A whopping 118 entities have over 30 years of continuous membership, and another 79 have been members for over 20 years.

While that longevity is integral to the success of MMRMA, “member-driven” means more than loyalty. Every day, the people who make their careers at our member entities put their stamp on MMRMA, sharing their input, guidance, and expertise.

This includes the Board of the Directors, committee participants, member representatives, training attendees, and everyone else who has been involved with MMRMA. Together, they have helped shape its continuous evolution.

**Stable and Responsive**

Other factors also bolster the stability of MMRMA. Our investment policy and proficient service providers help the Board of Directors and Finance Committee ensure that we remain financially strong and capable of withstanding often turbulent economic conditions.

Reinsurers, actuaries, and auditors provide vital support, helping sustain the effectiveness and integrity of coverage, accounting practices, and other key elements of our products and operations. MMRMA’s law firms, regional risk managers, and other partners work closely with our experienced staff to conduct the day-to-day business of the organization with professionalism and dedication.

In the coming pages, we’ll learn more about the role of these cornerstones in the collective success of MMRMA and its members throughout Michigan.
These photos illustrate but a sample of the variety of Michigan’s buildings and industries. Though constructed at different times and vastly different in purpose, appearance, and function, each represents the ingenuity and resilience of the state we call home.

For 37 years, MMRMA has remained structurally sound in the face of ever-evolving conditions. Succession planning is especially timely for MMRMA and its members. Local governments and the insurance industry face a similar human resources challenge: As many employees approach retirement, younger people in the workforce are not familiar with the benefits and rewards of careers in these sectors.

In the spirit with which we were founded, MMRMA recognizes the inevitability of change and rises to meet it. Over the years, we brought many departmental functions in-house to improve services, and we continue to make organizational adjustments to ensure that we meet members’ ever-evolving needs.

**Claims and Legal, Finance, and Information Services**

Managing Director Bryan Anderson oversees these functions. The Claims and Legal team works closely with members, defense firms, and other parties to professionally and proficiently handle claims and lawsuits. The finance department performs their work with accuracy and attention to detail. Information Services maintains internal systems and helps coordinate with vendors to manage our technological platforms.

**Underwriting and Risk Management**

With guidance from Underwriting Manager Ray Williams, MMRMA continues to evaluate and refine its pricing model and assist members in completing their annual renewal questionnaires. We review the Coverage Document each year for opportunities to make updates. This year, the Board approved a recommendation to increase Data Breach limits to $5 million per member. (Please contact MMRMA for coverage details.) In-house and Regional Risk Managers help facilitate the renewal process and delivery of other key services.

**Membership Services**

Risk Control has long been a cornerstone of MMRMA. We continue to expand services, helping members make the most of their existing resources, human and otherwise. Offerings include increased RAP/CAP grants; timely training opportunities; added coverage offerings; risk control bulletins; and other valuable communications. We will explore a few of these offerings more closely on page 6.

As part of MMRMA’s continued emphasis on organizational excellence, in August we added Cindy King to the team in a new position, Director of Membership Services and Human Resources. We are as committed as ever to providing outstanding membership services and meeting the evolving needs of Michigan’s public entities.
Civic Center District. Submitted by City of Southfield.

Wilson Barn, a National Historic Site. Submitted by City of Livonia.

DTE Energy Enrico Fermi II Nuclear Power Plant. Submitted by Monroe County.
Michigan’s lush landscape yields many abundant, colorful fruits and vegetables, including those pictured at right. Dozens of foods and other natural resources – corn, produce, dairy products, beef, fish, salt, and more – are Made in Michigan.

MMRMA has its own bounty of resources – including training, grants, and documents – to help keep our members informed and connected.

Training
We provide member training in many areas of municipal operations, from public safety to administration. In FY 2017, we offered sessions of our popular classes such as Tactical Encounters for Patrol Officers and Freedom of Information Act (FOIA). We also developed courses to address emerging issues, including Corrections Supervision Training and Rapid Deployment to Active Shooter for EMS. MMRMA also recently launched a new train-the-trainer Mental Health Jail Diversion course.

Model Policies and Bulletins
MMRMA introduced new online bulletins to help bolster members’ property-related risk control efforts. We also published a new model policy and procedure brochure for Body Worn Cameras and updated our Secondary Employment Protocol brochure.

Grants
The Membership Committee, with assistance from Manager of Risk Management Services Cara Kowal, evaluated the purpose, value, and efficacy of the Risk Avoidance Program (RAP) and Certification and Accreditation Program (CAP) grants. Their efforts led to a realignment of RAP and CAP to more closely link funding with identified risks and hazards and actual loss experience. The Membership Committee will continue to monitor RAP and CAP as it reviews member applications, helping MMRMA and its members control risk and experience ongoing benefits from the program.

Technology
MMRMA knows the importance of technology... and its increasingly rapid pace of change. The Board of Directors recently approved a new Risk Control Advisory Committee for Technology and Cybersecurity, and we are in the process of recruiting member participants so we can support the new committee’s future accomplishments. We are also developing risk control resources and guidance relating to MMRMA’s Data Breach coverage and members’ use of technological resources.

Additionally, we are assessing and mapping our existing work processes and developing enhancements to internal systems and service delivery to members.

Communications
Now more than ever, technology and communications are inextricably linked. We are studying our members’ experiences in order to provide more relevant information and services. Our aim is to create fulfilling interactions between MMRMA and the member representatives, committee participants, and other people who depend on MMRMA communications to accomplish their good works.
Since 2009, Grand Rapids has been home to ArtPrize, an international competition and festival. In 2012, the “Lights in the Night” entry sent thousands of paper lanterns into the twilight sky, as shown in this photo. Similar launches in the region have since followed. These ascending lights epitomize the creative spirit that lives and breathes in Michigan.

People make MMRMA possible. This may seem obvious, but it is certainly worth reflecting on the impact of our membership, partners, and all other contributors to our ongoing success.

**Committees**

As we mentioned earlier, MMRMA is member-driven. The hard work of the Board of Directors is featured on page 10. Here, we will look at the important involvement of MMRMA’s many committees. Each is comprised of people from MMRMA member entities who share their knowledge and experience. These individuals collaborate with one another and staff to help MMRMA maintain its excellence in the areas of risk control, training, and more.

MMRMA has four standing committees. The Events Planning Committee helps plan our Annual Meetings and Risk Management Workshops. The Finance Committee applies its expertise to help monitor MMRMA’s financial status and investments and make recommendations relating to the Investment Policy and net asset distributions. The Membership Committee is responsible for reviewing and deciding on member RAP and CAP grant applications (see page 6 for more details). The State Pool Committee receives updates and shares perspectives on matters affecting MMRMA’s State Pool members.

In addition, MMRMA has several risk control advisory committees that work closely with Membership Services staff to discuss issues in their areas of expertise. They help MMRMA develop resources and training to address these areas for the benefit of the entire membership.

**Partners**

Education is an important facet of Michigan’s economy and its reputation as a great place to work and study. MMRMA is proud to have 19 affiliate members within the Michigan Community College Risk Management Authority (MCCRMA). We work with the administrators of these fine educational institutions and provide services that benefit their thousands of students and faculty.

We also work closely with the national public entity pooling industry through our relationships with the Association of Governmental Risk Pools (AGRIP), Public Risk Management Association (PRIMA), and Michigan PRIMA. Through these and many other valuable partnerships, MMRMA keeps its finger on the pulse to ensure that we are offering the best possible products and services for our members.
These individuals comprise MMRMA’s 2017 Board of Directors. We are confident that everyone involved with MMRMA joins us in thanking our Board members for their leadership and integrity. They exemplify the theme of Made in Michigan. With their guidance, MMRMA helps make Michigan even better.

This report has emphasized the member-driven nature of MMRMA, and now we come full circle to the Board of Directors. MMRMA’s Board is elected by the membership, of the membership, and they take that honor – and its corresponding commitment – very seriously. They give generously and enthusiastically of their time, energy, insights, and experience to benefit MMRMA and its members.

Every initiative and program in the preceding pages bears the fingerprints of the Board. Their leadership has shaped MMRMA since day one, and it continues to guide the Executive Director and staff each day in conducting the practical business of the organization.

**Strategic Guidance**

Every fall, the Board holds a strategic planning retreat to chart MMRMA’s future. In 2017, their strategy sessions focused on membership services, technology, and opportunities to expand and deepen MMRMA’s partnerships with organizations across Michigan and throughout the pooling and insurance industries.

**Financial Strength**

The Board recognizes their collective responsibility for the financial strength and security of MMRMA. They keep a close watch on the performance of MMRMA’s investment managers, the allocation of assets, the input of the Finance Committee, and how each of these components aligns with the Governance Policy and MMRMA’s program priorities.

Each year, MMRMA conducts an actuarial review of our net position and the net assets needed to protect the organization and membership from unforeseen circumstances, including...
unanticipated exposures and incurred but not reported claim losses. Based on this review, the Board makes its determinations regarding the distribution of excess net assets to members.

In FY 2017, the Board declared a Net Asset Distribution of $23.7 million dollars to members. Since 2006, the Board has declared $250 million in excess Net Asset Distributions to MMRMA members. In addition to these distributions, MMRMA also uses excess net assets to fund other benefits for members, including RAP and CAP grants, Michigan Catastrophic Claim Association vehicle assessments, Data Breach coverage, and other enhanced coverages.

**Greenstone Insurance Company**

Last year, the Board authorized the formation of MMRMA’s captive insurance company, Greenstone. Named for Michigan’s state gem, Isle Royale Greenstone (also known as chlorastrolite), Greenstone is a wholly owned captive that allows MMRMA to enhance member services and offer additional coverage types.

Greenstone’s Board of Managers is made up of five members of MMRMA’s Board of Directors: Michael Bosanac, Richard Burke, Doug Johnson, Fabian Knizacky, and William Wild.

In FY 2017, Greenstone provided statutory aggregate excess coverage to MMRMA and two other group self-insurance pools and participated in MMRMA’s and MCCRMA’s casualty reinsurance programs. Greenstone also launched a tax bond program for a few MMRMA member counties. The Board looks forward to the expansion of the tax bond program and other future coverage options via the captive.

Once again, MMRMA has shown itself to be a leader among public entity risk pools in its development of a captive insurance company.
### Claims Filed by Lines of Coverage

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Liability</td>
<td>219</td>
<td>244</td>
<td>478</td>
<td>335</td>
<td>326</td>
<td>333</td>
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<tr>
<td>Auto Physical Damage</td>
<td>579</td>
<td>568</td>
<td>668</td>
<td>604</td>
<td>685</td>
<td>671</td>
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<tr>
<td>General Liability*</td>
<td>1,774</td>
<td>756</td>
<td>1,425</td>
<td>11,639</td>
<td>824</td>
<td>1,215</td>
</tr>
<tr>
<td>Property</td>
<td>354</td>
<td>280</td>
<td>391</td>
<td>345</td>
<td>356</td>
<td>387</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,926</td>
<td>1,848</td>
<td>2,962</td>
<td>12,923</td>
<td>2,191</td>
<td>2,606</td>
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</tbody>
</table>

*Also includes law enforcement, public officials, sewer, and data breach claims.

### Litigation

<table>
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<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td>Files Opened</td>
<td>330</td>
<td>254</td>
<td>328</td>
<td>321</td>
<td>347</td>
<td>275</td>
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<tr>
<td>Files Closed</td>
<td>370</td>
<td>359</td>
<td>384</td>
<td>307</td>
<td>306</td>
<td>297</td>
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</table>

### Financial Highlights

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<tr>
<th></th>
<th>2012</th>
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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Contributions - General Fund and Retention Fund - Gross</td>
<td>$73,044,682</td>
<td>$81,320,080</td>
<td>$75,055,639</td>
<td>$84,671,203</td>
<td>$82,519,381</td>
<td>$81,646,595</td>
</tr>
<tr>
<td>Claims and Claim Adjustment Expenses Paid - General Fund and Retention Fund - Gross</td>
<td>33,481,298</td>
<td>34,476,629</td>
<td>31,424,634</td>
<td>33,137,880</td>
<td>39,778,615</td>
<td>34,674,572</td>
</tr>
<tr>
<td>Net Asset Distributions to Members</td>
<td>38,644,191</td>
<td>19,145,625</td>
<td>34,535,390</td>
<td>45,152,750</td>
<td>31,814,134</td>
<td>23,749,971</td>
</tr>
<tr>
<td>Cash and Investments at Fair Market Value - net of pending trades</td>
<td>392,414,791</td>
<td>417,777,698</td>
<td>472,640,102</td>
<td>472,104,272</td>
<td>478,439,928</td>
<td>498,294,239</td>
</tr>
<tr>
<td>Investment Income - includes realized and unrealized gains/losses, interest, dividends, and other income</td>
<td>15,768,280</td>
<td>42,681,969</td>
<td>58,665,552</td>
<td>17,228,284</td>
<td>30,010,314</td>
<td>28,630,398</td>
</tr>
<tr>
<td>Reserves for Claims and Claim Adjustment Expenses - reported and IBNR</td>
<td>72,917,118</td>
<td>63,233,142</td>
<td>52,489,419</td>
<td>59,653,755</td>
<td>62,886,669</td>
<td>66,296,258</td>
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</table>

**Net Position**

<table>
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<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in Capital Assets</td>
<td>3,981,571</td>
<td>4,771,867</td>
<td>4,410,890</td>
<td>4,053,823</td>
<td>3,650,987</td>
<td>3,294,151</td>
</tr>
<tr>
<td>Unrestricted Assets</td>
<td>234,473,103</td>
<td>275,632,365</td>
<td>319,290,219</td>
<td>297,582,549</td>
<td>298,974,109</td>
<td>313,080,265</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$238,454,674</td>
<td>$280,404,232</td>
<td>$323,701,109</td>
<td>$301,636,372</td>
<td>$302,625,096</td>
<td>$316,374,416</td>
</tr>
</tbody>
</table>
Total Claims Paid by Line of Business by Fiscal Year

- **Total Legal Expenses Paid by Fiscal Year**
  - Fiscal Year: 2011 to 2017
  - Millions: 0 to 10

- **Total Liability Claims Paid by Fiscal Year**
  - Fiscal Year: 2011 to 2017
  - Millions: 0 to 22

- **Total Auto Physical Damage Claims Paid by Fiscal Year**
  - Fiscal Year: 2011 to 2017
  - Millions: 0 to 3.0

- **Total Property Claims Paid by Fiscal Year**
  - Fiscal Year: 2011 to 2017
  - Millions: 0 to 12
MANISTEE COUNTY

The Manistee River channel provides passage to many freighters, like this one, bringing coal to the region’s factories.

The Riverwalk, band shell, and boat docks on the banks of the river draw locals and tourists alike to this beautiful corner of Michigan.

(To experience this MMRMA-award-winning photo in its entirety, please open the report and view the front and back covers together.)