SAFEGUARDING OUR MEMBERS

2011 ANNUAL REPORT
FOR OVER THREE DECADES, MMRMA HAS BEEN SAFEGUARDING OUR MEMBERS.
Michigan Municipal Risk Management Authority proudly presents this Annual Report to Members for the Fiscal Year 2011.

For over three decades, MMRMA has been safeguarding our members. Unlike traditional insurance companies, public entity pools like MMRMA provide much more than property and liability coverage. Members are not merely policyholders, but are active participants in the process. Their employees help to control risk in their own entities and can serve on MMRMA committees to share their knowledge for the benefit of the membership at large.

Members also receive many more benefits than simple coverage. MMRMA provides training to help members reduce loss exposures, personalized services from longstanding, dedicated claims adjusters, and legal services from firms that are experienced in handling municipal risk and liability law.

At every stage, MMRMA members are partners in the process, helping safeguard the organization and, therefore, themselves and their fellow members.

This year’s annual report reflects that theme: Safeguarding Our Members. Inside these pages, we will showcase shining examples of how MMRMA has done just that in several functional exposure areas, including law enforcement, corrections, parks & recreation, public services, and fire/EMS.

In addition to these key success stories, we’ll also highlight the ways in which MMRMA’s enhanced underwriting and pricing plan, technological advancements, experienced claims and legal services, sound financial management, and judicious investments contribute to Safeguarding Our Members.

Our record of excellence has not only made MMRMA a leader among public entity pools, it has also allowed us to post extraordinary member retention rates each year. On behalf of everyone at MMRMA, we thank you for your ongoing support of the organization. With your continued trust, commitment, assistance, and membership, we look forward to safeguarding you – our members – long into the future.
Of the many services municipalities provide, some of the most fraught with the potential for liability claims and losses are **LAW ENFORCEMENT AND CORRECTIONS.** For decades, MMRMA has provided its members with numerous safeguards in these areas, including comprehensive training, risk control surveys, model policies and procedures, and, since 1997, Risk Avoidance Program (RAP) grants.

Through all of these avenues, MMRMA’s risk control consultants and law enforcement risk control advisory committees continuously strive to implement newer and more effective safeguards for member departments, employees, and citizens.

**LAW ENFORCEMENT**

Use of force claims are among the potentially most costly loss exposures. In fact, the Public Agency Training Council (PATC) and the Legal and Liability Risk Management Institute (LLRMI) cite excessive force as one of the three most critical areas of liability exposure, along with in-custody deaths and police pursuits.

With the advent of TASERs (electro-muscular disruption devices) and the 2003 Michigan legislation that allows officers to carry and employ TASERs, MMRMA saw an opportunity to give member officers the means to disable subjects without resorting to more potentially dangerous methods that could likely lead to use of force claims.

Thus, in 2003, MMRMA launched its TASER RAP project. The special standardized grant program provides reimbursement to member agencies for the purchase of TASERs for their public safety, court security, and jail officers, as well as funding for training in TASER use and for protective suits used during training.

The project, which was launched slowly at first but expanded throughout the MMRMA membership over its first few years, won the first place achievement award in the pooling category from the Public Risk Management Association (PRIMA) in 2008.

Because TASERs can be controversial in the eyes of the public, the TASER RAP project features rigorous requirements on the part of members. Qualifying departments must have written policy/procedure documents addressing the use of force and must establish reporting protocols, including submitting all use of force reports to MMRMA within five business days.

While Director of Risk Management Chuck Schwab points out that it can be difficult to measure the value of risk avoidance methods, there is some compelling data to support the success of the TASER RAP project. “This program has coincided with a sharp decline in members’ excessive force claims, as well as in the dollar losses of those claims,” says Risk Control Consultant Mike Berthâ.

The charts at right demonstrate these declines. After the number of claims peaked in 2004 at 125, and losses peaked at more than $8 million a year later in 2005, both figures have declined more or less steadily ever since. Current data shows just two claims and less than $200,000 in losses for FY 2010.
SAFEGUARDING MEMBERS’ PUBLIC SAFETY

According to Senior Risk Control Consultant Bill Page, “Sudden Death in Custody training has paid off both on patrol and in members’ jails.”

This summer, an inmate in the Livingston County Jail showed agitation, confusion, and other signs of possible alcohol detoxification. When the jail’s medical team requested the inmate’s transfer to the hospital for treatment, sheriff’s deputies accompanied him in the ambulance and stayed with him in his room, restraining him as needed until he could be properly sedated by the hospital’s medical staff.

“Upon reviewing the Use of Force report, I could see that the deputies demonstrated what they’d learned in MMRMA’s Sudden Death in Custody training,” says Risk Control Consultant Mike Berthà.

Livingston County Sheriff Bob Bezotte also speaks very highly of the benefits of the SDIC training. “Our office recognizes the importance of professionalism,” says Bezotte. “MMRMA’s training programs have significantly improved the professionalism of our deputies, which, in turn, helps us manage liability.”

CORRECTIONS

When it comes to safeguarding our members, another exceptional MMRMA project in the area of corrections also won the first place PRIMA achievement award, this time in 2009. The well-received, ongoing training program for the prevention of sudden death in custody (SDIC) has become a hallmark of MMRMA.

By tapping into another critical area of loss exposure cited by PATC and LLRMI, MMRMA became the first and only public entity risk pool in the U.S. offering such a comprehensive program on this important issue.

Spearheaded by Senior Risk Control Consultant Bill Page and presented by several national experts in the field of corrections, the curriculum includes train-the-trainer courses, regional workshops, and a regularly updated lesson plan to reflect the latest research and data on the subject matter.

The SDIC training program is supported by RAP funding for MMRMA members, several of which have cited specific incidents in which workshop attendees were able to apply the course lessons and thereby avoid costly liability exposures in their jails.

These two long-term, award-winning projects demonstrate MMRMA’s commitment to safeguarding our members with outstanding programs and services. They are exemplary of the larger slate of services in law enforcement and corrections, as well as in other key areas highlighted in the coming pages.
As any Parks and Recreation or Public Services official knows, when it comes to municipal loss, there are plenty of risk exposures outside the realms of law enforcement and corrections. MMRMA safeguards our members in these municipal arenas as well, and the results speak for themselves.

**Parks & Recreation**

Among MMRMA’s outstanding services to its members are the departmental audits and onsite reviews conducted by the risk control staff. They apply their expertise to each member’s unique situation and bring rigorous standards to bear, helping member employees dramatically improve conditions, increase safety, and reduce loss exposures.

Risk Control Consultant Terry VanDoren performed annual risk control inspections of the parks and playgrounds in the Charter Township of Plymouth for the last three years, resulting in many improvements to the facilities.

The Parks & Recreation Advisory Committee’s publications have also proven fruitful in helping members reduce risk exposures. Jerry Jaloszynski is a member of the committee and serves as Parks and Green Space Commission Coordinator in Clinton County. He used the information in MMRMA’s *Water and Beach Safety Guidelines* brochure to support his application for a RAP grant to help improve the slope at the county’s swim beach.

After receiving a sizeable grant, Jerry and his parks team were able to regrade the swimming beach to a more gradual angle. This greatly reduced the potential for accidents and drowning at the beach.

**Safeguarding Members’ Beaches**

According to Jerry Jaloszynski, Coordinator of Clinton County’s Parks and Green Space Commission, MMRMA’s recommendations and RAPgrant allowed the county to dramatically improve the safety of its beach. “I’ve worked for three different county parks services, and this is by far the safest gravel pit swimming beach I’ve managed,” he says.

The grant covered engineering costs for the project, which filled in holes and irregularities in the beach and created a uniform 6% underwater gradient. “There’s plenty of shallow water for the smaller children to play in,” adds Jaloszynski, “and there are no dangerous drop-offs for swimmers.”
PARKS & RECREATION • PUBLIC SERVICES

PUBLIC SERVICES

A RAP grant also played a crucial supporting role for the City of Port Huron when it requested funding for handheld, pole type sewer cameras. This equipment is invaluable in reducing sewer backup incidents. The cameras can also be used in emergencies to determine the cause of existing backups, helping public services departments react quickly and appropriately to reduce and mitigate losses.

These important services are additional examples of how MMRMA safeguards our members and their citizens, at work and at play. Such consistent, committed protection has kept MMRMA strong – and its membership loyal – for over 30 years.

A PRIZEWINNING HANDBOOK

In 2010, MMRMA won PRIMA’s first place achievement award in the pooling category for the third straight year. This time, the prize went to a comprehensive manual entitled Risk Management of Special Events.

Whether a municipality is putting on an event itself or allowing an outside group to use its property for such a function, special events pose unique liability and property loss exposures that can prove to be very costly. This one-of-a-kind handbook guides MMRMA members through every size and scope of special event, from the planning phase to the final cleanup process.

Armed with the guide’s checklists, step-by-step instructions, and sample forms, MMRMA members can reduce risk exposure at every stage of an event, protecting attendees, property, and the municipality. Each special function can be a success, enhancing the community’s public image instead of potentially damaging it.

The handbook, prepared through a coordinated effort of the Parks & Recreation Advisory Committee and MMRMA staff, is an incredibly useful tool for members. It’s easy to see why PRIMA bestowed its highest achievement award on the Risk Management of Special Events manual.

SAFEGUARDING MEMBERS’ PLAY AREAS

Richard Reaume, Supervisor of Plymouth Township, says, “we want our facilities to be as safe as possible for our residents and their children. We’ve made improvements to our parks, ball diamonds, and playgrounds thanks to the sound advice of Terry VanDoren at MMRMA.”

Based on those suggestions, the township replaced splintered wood boards and upgraded the manufacturer-provided climbing chains with heavy-duty commercial grade chains especially made for playground use.

Plymouth Township also replaced old, cracked life-saving throw rings that are positioned near a pond in one of its parks. “The new rings will be much more effective if park visitors need to put them to use,” says Reaume.
WHEN IT COMES TO SAFEGUARDING MMRMA MEMBERS – AND THE PUBLIC THEY SERVE – MUNICIPAL FIRE AND EMS PROVIDERS CERTAINLY UNDERSTAND WHAT’S AT STAKE. Protecting people and property is their number one priority, and MMRMA provides a host of measures for helping our members’ fire and EMS departments do so with as little loss exposure as possible.

FIRE & EMS

According to Risk Control Consultant Al Smolen, “operating emergency vehicles can clearly be a very hazardous task, but it is also a vital community service.” MMRMA knows that if emergency vehicles are driven in a safe manner by well-trained, knowledgeable personnel, they can help save lives.

The Fire & EMS Risk Control Advisory Committee has demonstrated a commitment to controlling loss exposures in this area by promoting safe driving practices among MMRMA member employees through two ongoing programs for fire and EMS personnel, Emergency Vehicle Operations (EVO) seminars and driving simulator training, which is also provided to law enforcement officers.

- Emergency Vehicle Operation Liabilities and Strategies. These seminars go beyond driver’s training by outlining safe, legal, and efficient response for fire and EMS agencies. The course includes such topics as organizational and personal liability, definitions of “reckless disregard” and “due regard,” intersection clearing strategies, braking capabilities and limitations, emergency equipment limitations, and proper vehicle inspections and maintenance.

- Driving simulator training. These sessions provide MMRMA member employees with the opportunity to reinforce safe habits and learn new techniques in the controlled environment of trailer-mounted simulators.

These courses are funded in part through RAP grants. RAP funding has also helped member fire and EMS agencies pay for emergency pre-planning computer software and advanced management training from the Eastern Michigan University (EMU) School of Fire Staff and Command.

“OPERATING EMERGENCY VEHICLES CAN CLEARLY BE A VERY HAZARDOUS TASK, BUT IT IS ALSO A VITAL COMMUNITY SERVICE.” - Al Smolen
ADMINISTRATION

MMRMA also provides publications and training opportunities to help safeguard our members from potential liability losses while performing various administrative activities. “From zoning and human resources to emergency management and other day-to-day operations, municipalities often need sound tools and expert guidance in addressing these functions,” says Risk Control Consultant Jack Barron.

The Administrative Advisory Committee has worked in close conjunction with attorneys from MMRMA’s two principal law firms, Cummings, McClory, Davis & Acho (CMDA) and Johnson, Rosati, LaBarge, Aseltyne & Field (JRLAF), to create two signature training projects on the Freedom of Information Act (FOIA) and the Open Meetings Act (OMA). Each program features a handbook (the FOIA Coordinator Handbook and the OMA Handbook) and training seminars that distill and elaborate upon the procedural guidelines outlined in the handbooks.

MMRMA offers numerous additional resources to help its members navigate the administrative waters of human resources, zoning, and disaster planning.

IN THE REALMS OF FIRE & EMS AGENCIES AND MUNICIPAL ADMINISTRATION,

MMRMA, its staff, service providers, and dedicated committee participants continually strive for new ways to safeguard the membership at large.
WHILE MMRMA STANDS VIGILANT, CONTINUOUSLY SAFEGUARDING OUR MEMBERS IN THE KEY FUNCTIONAL EXPOSURE AREAS HIGHLIGHTED THUS FAR, that is by no means the entire story.

There are many other ways in which the organization keeps the best interests of the membership as our number one priority. Thanks to a host of outstanding member services and MMRMA’s stalwart financial team, our members can rest assured that their coverage, their claims, and their financial investment in MMRMA remain safeguarded, day in and day out.

MEMBER SERVICES

Risk managers

From the moment a municipality considers becoming a member of MMRMA, the regional risk managers are an essential component of the process. Serving as the primary sales and marketing vehicle for MMRMA, they outline the many benefits of the organization and the advantages of membership. They also provide risk management services to the members they serve and, in some cases, even act as a community’s risk manager.

Our in-house risk manager and eight contracted regional risk manager agencies talk with members each day about the most pressing concerns of the moment. Thanks to the relationships they’ve built, they help make it easy for MMRMA to safeguard our members by providing excellent service that meets their needs and exceeds their expectations.

Claims and legal team

Despite the comprehensive, outstanding risk control efforts of MMRMA and its members outlined in the previous pages, the fact is that claims will occur. And when they do, MMRMA has the best claims and legal team around when it comes to handling municipal liability and property losses. Not only do our claims adjusters have many years of experience in their field, they also have longstanding relationships with their assigned members.

Director of Claims Michael Ellis and Claims Manager Charlie Stevens cite those relationships – along with MMRMA’s many other features, including its risk management expertise and financial stability – as contributing factors to our excellent member retention record. They also point out that MMRMA provides added services that set it apart. These include updates on relevant case law, legislative summaries, and the effective use of alternate dispute resolution to settle many cases before they get to court.

“MMRMA IS GREATER THAN THE SUM OF ITS PARTS. OUR DEPARTMENTS, SERVICE PROVIDERS, AND COMMITTEES — EACH EXCELLENT IN ITS OWN RIGHT — WORK IN CONCERT TO PROVIDE A LEVEL OF MEMBER SERVICE THAT IS SECOND TO NONE.”  -Michael Ellis
Technological enhancements

An informed membership is a protected membership, and MMRMA has continued to provide updated methods of communication and other technological advancements. From the launch of the brand new website in 2010 to the coming upgrades in data systems for claims, underwriting, and finance, MMRMA remains committed to a robust and up-to-date technological infrastructure. These ongoing improvements will allow MMRMA to keep its members in the know in this lightning-quick information age.

FINANCIAL ASSETS

MMRMA has thrived for over 30 years, and since day one our membership has represented every corner of the beautiful state of Michigan. That longevity would not be possible if it were not for the stable, sound management of the organization’s financial assets. In a time when stability often seems to be the exception in many industries, MMRMA is proud to remain strong, vital, and successful.

We attribute that stability to many factors, including member contributions based on sound underwriting and rating principles; a strong reinsurance program; the Finance Committee’s expert guidance; our investment plan; and the judicious performance of MMRMA’s finance department, led by Finance Director Bryan Anderson. “MMRMA’s solid financial foundation and integrity help safeguard our members through good and turbulent economic times alike,” Anderson says.

Our financial strength allows MMRMA to offer outstanding coverage, provide Risk Avoidance Program (RAP) grants, and continue to expand training and risk management opportunities for the membership. Furthermore, MMRMA’s success means that the Board of Directors again authorized excess net asset distributions of $19,660,124 to members in Fiscal Year 2011, bringing the total distributions to date to $56,957,939.

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<tr>
<td>2011</td>
<td>19,660,124</td>
<td>56,957,939</td>
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Senior Claims Attorney Tim Belanger works closely with attorneys from MMRMA’s two principal law firms, Cummings, McCreery, Davis & Acho (CMDA) and Johnson, Rosati, LaBarge, Asetlyne & Field (JRLAF), to facilitate such resolutions whenever possible. These two firms handle the majority of MMRMA’s defense litigation; their experience with municipal law and the MMRMA membership make them vital to the important work of safeguarding our members.
IN THE PREVIOUS PAGES, WE HAVE SHOWCASED NUMEROUS WAYS IN WHICH MMRMA SAFEGUARDS OUR MEMBERS. Thanks to the contributions of the staff, service providers, and generous people from the membership who tirelessly offer their time and expertise to the organization, we have fulfilled our mission for over 30 years.

While the efforts of each of these contributors have been essential to the ongoing success of MMRMA, it takes a strong presence at the helm to ensure that things continually move in the right direction. Our Board of Directors leads with confidence, not only in their own decisions but in the ability of the rest of the MMRMA team to carry them out.

Elected of and by the membership, these leaders bring a diverse set of backgrounds and skill sets to the Board of Directors table each month. Together they consider the ever-changing, burgeoning risk-related concerns facing municipalities and determine the best way to help MMRMA members cope with those issues.

Under the Board’s watchful guidance throughout MMRMA’s history, we have initiated many changes to the initial program, including: directly assuming risk, retaining reinsurance, bringing several once-outsourced services in-house, introducing the Risk Avoidance Program (RAP), revamping the governance manual, and instituting excess net asset distributions to members. These are but a few examples of the Board’s willingness to look outside the mold of “how we’ve always done things” to determine the best way to safeguard our members.

Whether they’ve served for decades or are relatively new to the role, none of MMRMA’s Board members is in it for the accolades. The Board of Directors leads quietly and efficiently, setting policy and shaping the big picture of MMRMA, all while recognizing that their work is only as effective as the efforts of everyone involved with the organization.

The exceptional work of our Board of Directors – as well as the achievements of our staff, service providers, and member employees – have allowed MMRMA to maintain its long-term track record of excellence. Furthermore, they will enable us to continue safeguarding our members for many years to come.

THE BOARD OF DIRECTORS LEADS QUIETLY AND EFFICIENTLY, SETTING POLICY AND SHAPING THE BIG PICTURE OF MMRMA.
Superior leadership does not go unnoticed, and MMRMA has often been recognized for its excellent programs, resources, and service to its members. In Fiscal Year 2011, the Greater Detroit Chapter of the Charter Property Casualty Underwriter (CPCU) Society selected MMRMA as its “Company of the Year.” The Board of Directors and everyone at MMRMA deserves to be proud of this high honor, previously bestowed on such reputable organizations as State Farm and Citizens Insurance.

The award recognizes insurance companies for their leadership as well as their commitment to CPCU’s core values, promotion of education, and involvement in the local CPCU chapter. MMRMA’s staff members have long been active in the society. Director of Claims Michael Ellis and Senior Property Adjuster Florence Nagy are past presidents of the Detroit Chapter, and Claims Manager Charlie Stevens is the current president.

MMRMA’s focus on such professional development, as well as on educational opportunities for both staff and members, have long been hallmarks of our program. These goals are consistent with our Shared Core Values, and reflect our commitment to the personal and professional growth of Board members, staff, and service providers alike. These individuals are the bedrock of MMRMA, and their development and success are essential to that of the organization.

We extend our appreciation to everyone who has helped contribute to another outstanding year for MMRMA.
### Financial Highlights

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### Claims Filed by Lines of Coverage

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### Litigation

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MMRMA SAFEGUARDS OUR MEMBERS BY PROVIDING EXCELLENT SERVICE THAT MEETS THEIR NEEDS AND EXCEEDS THEIR EXPECTATIONS.