MMRMA Coverage for Motor Vehicles Goes Beyond Basics

by Tim McClorey
Risk Manager

MMRMA’S CORE COVERAGE
Document includes liability and motor vehicle physical damage for members’ fleets. While this coverage is important, the vehicle-related benefits of MMRMA membership don’t stop there.

MMRMA provides additional motor vehicle coverages at no cost to members, including uninsured and underinsured motorist coverage as well as benefits under the Michigan No-Fault Law. MMRMA provides these enhancements for all Individual and State Pool members’ covered vehicles and waives the deductible and Self-Insured Retention (SIR) for both coverages.

MMRMA also pays MCCA assessments for members’ motor vehicles as part of our use of excess net assets.

Coverage at a Glance
In Michigan, an estimated 21 percent of motorists are uninsured, and this coverage comes into play when member employees are not at fault in an accident.

MMRMA will pay damages a member employee is entitled to recover from the owner or operator of an uninsured or underinsured motor vehicle due to bodily injury only. The most MMRMA will pay is the difference between the bond, auto insurance policy, or auto liability coverage limits and $100,000 per person and $250,000 per occurrence.

The Michigan No-Fault Law mandates certain benefits for providers of automobile coverage. These include personal protection insurance benefits, property protection benefits, wage loss benefits, medical expenses, as well as funeral and burial expenses.

All Michigan No-Fault benefits are set forth in MCL 500.3121, as amended. No deductibles or self-insured deductible apply to this coverage for MMRMA members.

A Significant Benefit
The Michigan No-Fault Law provides unlimited lifetime coverage for medical expenses resulting from auto accidents. In 1978, the legislature created the Michigan Catastrophic Claims Association (MCCA). MCCA was set up to reimburse auto no-fault insurance providers for each Personal Injury Protection (PIP) medical claim in excess of a predetermined amount. Today that amount is $555,000.

Insurance companies and providers pay the entire claim and are reimbursed by MCCA for claims that exceed this amount.

The MCCA assessment began in 1978 at $3 per vehicle; since then, it has fluctuated significantly. In 2000, it was lowered to $5.60, but has since risen sharply, to $170 in 2017–18.

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Heightened Concern
Data breach threats have become the fastest and most unpredictable emerging exposure in recent years.

Studies suggest that many global business leaders are almost four times more concerned about cyber incidents than any other type of terrorist attacks, yet they consider themselves unprepared or underprepared for cyber threats. Meanwhile, insurance industry statistics indicate that the number of data breach incidents has increased by almost 50 percent between 2011 and 2015.

Our reinsurance intermediary, JLT Re, assists in the data breach reinsurance placement. MMRMA retains $250,000 of each occurrence; reinsurer Markel then assumes $4.75 million per occurrence in excess of MMRMA’s retention. Members will assume their current per-occurrence deductibles.

Coverage Details
MMRMA’s Data Breach and Privacy Liability coverage addresses both first- and third-party claims.

Coverage for first-party claims relates to:

- Software remediation, replacement of media, and forensic expenses
- Extortion threats and denial of service attacks
- Security breach notices to those whose personal information was breached
- Credit monitoring services for affected individuals.

MMRMA’s Board of Directors approved the Data Breach Coverage reinsurance renewal, effective July 1, 2017. This allows MMRMA to continue providing all Individual and State Pool members with a $5 million per occurrence limit for this important coverage.

Third-party coverage relates to claims from individuals who allege damages due to the unauthorized release of their personal information.

Protecting against cyber attacks is central to an entity’s reputation and regulatory compliance.

Cyber Risk Control
MMRMA is developing methods to help members control these risks. Protecting municipalities against cyber attacks goes well beyond safeguarding data and networks; it is an issue central to reputation and regulatory compliance. Managing cyber risk enables public entities to protect financial stability and avoid damaging litigation.

One important component that helps drive a risk-based cyber approach is identifying sensitive and critical data for each stakeholder. MMRMA has begun this process with members through our Best Practices Reviews, which use a checklist of issues to consider in controlling data breach risks.

Solutions and Challenges
Many communities are upgrading their technology infrastructures, strengthening security systems and protocols, conducting penetration tests to identify vulnerabilities, and setting priorities for new security enhancements.

Some communities are moving away from in-house infrastructure to cloud-based systems. All these activities require due diligence in vetting service provider systems, technical expertise, disaster recovery protocols, cyber security, and financial stability, as well as contractually transferring risk to the service providers whenever possible.

As technology continues to change at an exponential rate, public entities are managing these challenges in an environment of limited fiscal resources. Together, we must recognize that cyber threats go beyond our IT departments, acknowledging them as an ongoing enterprise risk management priority.

In the coming year, MMRMA will review and update our Data Breach Coverage Document to ensure that it continues to provide the broadest and most applicable coverage for members.

FROM THE DESK OF THE EXECUTIVE DIRECTOR

MMRMA Continues Data Breach Coverage for Members

by Michael Rhyner
Executive Director
He started a home-based business, and within a few years was able to give his notice at the auto supplier. The business later moved to a storefront in the township and is now an exclusively online venture, in keeping with today’s digital age.

In 2008, an associate suggested that Wright run for township clerk. An entrepreneur, Wright was already active in the community, but an election was something entirely new. After some consideration, he and Janice agreed to go forward, and she helped direct his campaign. Their boys even got involved, knocking on doors and talking with voters in neighborhoods across the community.

Making a Difference
Buoyed by his family’s participation, Wright’s campaign was a success. He is proud of the work he’s been doing as clerk ever since. He promotes young people’s involvement in local government and helps spearhead a program that teaches Belleville High School students about the voting process. Participants transform the school into a voting center, complete with coded ballots and tabulators, to conduct student council elections. Graduating seniors act as inspectors, and 18-year-old students are registered to vote in the precinct.

Leon Wright has served on the MMRMA Board since 2014.

The student council election program is a point of pride for Wright. “I’m a big proponent of working with kids and encouraging them to participate in local activities,” he says. “That’s how we keep our communities vibrant.” He names a few other activities and achievements that are also important to him: cemetery improvements, notary public training, and school presentations about his responsibilities as township clerk.

“In local government, we can accomplish things fairly immediately,” Wright observes. “We have more of an impact on people’s lives than they sometimes realize.”

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Board Member Leon Wright, continued from page 3

Public Service
A former board member of the Michigan Association of Municipal Clerks, Wright holds its Certified Michigan Municipal Clerk designation. He also holds the Certified Municipal Clerk designation from the International Institute of Municipal Clerks and has a few credits left to complete its Master Municipal Clerk program.

Wright serves as president of the Association of Wayne County Clerks (AWCC) and is active in the Southeast Michigan Council of Governments (SEMCOG), Michigan Township Association (MTA), and other state associations.

A regular participant at MMRMA Annual Meetings and other events, Wright was quickly impressed by the professionalism and effectiveness of our Board of Directors. That perspective encouraged him to throw his hat in the ring when a vacancy on the Board opened up.

Wright was appointed to the MMRMA Board of Directors in 2014 and was elected to a full term in 2016. “Serving on this Board is such a fulfilling experience,” he says.

“We’re helping make a difference for Michigan and for our fellow members.”

Fleet Coverage, continued from page 1

To fund MCCA and facilitate this process, insurance companies are assessed for each vehicle they insure.

The current MCCA assessment is $170 per vehicle. MMRMA pays this assessment for each of its members’ vehicles and does not pass these expenses along to our members. To date, MMRMA has paid over $35 million in assessments to MCCA. This fiscal year, MMRMA will pay an estimated $3.3 million in assessments.

Timeliness Matters
It is very important that MMRMA reports vehicles promptly and accurately to MCCA and pays assessments promptly. Historically, MMRMA had a relatively relaxed approach to member reporting of fleet vehicle additions and deletions. These changes were often reported upon renewal, and even then, vehicle changes were sometimes missed.

Given MCCA requirements, we know members understand how important it is to regularly and accurately report changes in vehicle counts. After all, we don’t want to use MMRMA assets to pay MCCA assessments for vehicles that our members no longer own.

To keep MCCA assessments as accurate as possible, MMRMA has implemented a 90-day window in which to report vehicle additions or deletions for auto coverage. Typically, when one vehicle is added, another is removed from member fleet lists. It is for this very reason that we instituted the 90-day reporting requirement.

Please consult with your Regional Risk Manager on the best way to implement a system that complies with the new 90-day vehicle reporting requirement.

MMRMA waives the deductible and self-insured retention for uninsured and underinsured coverage, and pays MCCA assessments for members—more than $35 million to date.

The total solar eclipse that will take place across America on August 21—the first since 1918—is one of many celestial events celebrated at the Delta College Planetarium in downtown Bay City. Now in its 20th year, the planetarium is one of the nation’s most technologically advanced, with ultra-modern architecture to match.

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The Risk Journal is published six times a year for members of 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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