Annual Meeting Highlights Benefits of Public Entity Pools

by Michael Rhyner
Executive Director

AS WE APPROACH our 36th year, it’s important to reflect on the differences between public entity pools (such as MMRMA) and the commercial insurance industry. At our Annual Meeting, Mike Waterman from JLT Re did just that, explaining how public entity pools protect their members’ interests better than commercial insurers in all market conditions.

MMRMA is not an insurance company. It was created as a member-owned alternative to commercial insurance at a time when coverage was either not available or prohibitively expensive. After more than three decades of success, there continues to be a marked contrast between MMRMA and commercial insurers.

Markets and Profit Drivers
The insurance industry operates in a highly competitive, for-profit environment that is subject to economic market cycles. When companies are profitable and have high capital reserves, prices fall, underwriting standards are relaxed, and coverage is readily available to buyers. These so-called ”soft” markets are highly competitive, as companies continue to reduce rates to capture market share and boost profits.

Inevitably, losses catch up to underpricing and poor underwriting practices, resulting in erosion of profits and capital. A “hard” market then follows, with strict underwriting standards, price increases, and more restrictive coverage terms. In many cases, companies exit certain regions or lines of business entirely.

Profitability and company capital are restored, which then precipitates the next soft market and falling prices. These market cycles are driven by various economic factors that cause wild swings in pricing and coverage.

The Cycles Continue
Currently, the insurance industry is emerging from a prolonged soft-market cycle. While prices are increasing for workers’ compensation and liability lines, property markets continue to be soft, with stable prices due to the lack of major catastrophic events in recent years.

The market has a relatively strong financial position, but there are warning signs for certain lines of coverage.

Workers’ compensation is the most volatile, followed by liability. Many companies are reevaluating law enforcement coverage in light of recent negative publicity for police departments.

The takeaway is that the commercial market is highly volatile and subject to social and economic factors beyond our control.

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See page 2 for more insights from the Annual Meeting.
Be Prepared
Throughout his career, Coach Ken Carter has built winning teams and successful businesses, so he knows a lot about the outlook and habits that contribute to strong outcomes. He shared his insights with participants in his opening general session and Friday training module:

How do you know what you don’t know? According to Coach Carter, when people think they have things all figured out, they miss opportunities to learn. Unfortunately, we don’t know what we don’t know. That’s why it’s important to cultivate curiosity, an open mind, and a willingness to learn from everyone around us.

Keep the main thing the main thing. When our efforts and attention are scattered, it can be a challenge to make headway. But if we apply focused, consistent energy on our main priority, that’s when we really start to see results.

Great leaders realize that their colleagues, and even their rivals, have valuable knowledge and keen insights.

People do business with people they like. Do you put your best face forward and treat people the way you want to be treated? Polishing our interpersonal skills can make all the difference in business and in life.

Plant the seeds for a bountiful payoff. We all face tough times. But spring harvests will follow those cold winters…if we plant the right seeds. As Coach Carter has observed firsthand, if we are prepared and have solid plans in place, we can get through almost any hardship and thrive on the other side.

Coach Carter: Average Is Not Good Enough
“I came to coach basketball players, and you became students. I came to teach boys, and you became men.”

Steve Ford: Lead with Character
“By leading with character, my father helped heal a nation and restored confidence in the office of the President. My mother helped remove the stigma of addiction.”

Curtis Levinson: Stay Safe in Cyberspace
“More exposure = higher risk. There’s no such thing as privacy on social media.”

Lead with Character
Steve Ford knows a great deal about strong character and leadership, lessons he learned from his parents, President Gerald Ford and Betty Ford. Steve was a teenager when his father inherited the presidency, and their family had to adjust quickly to life in the White House and the demands of public life.

Steve outlined these elements of leadership with character:

Accept change. Change is inevitable, and not always easy to manage. But the more gracefully we accept and adapt to changes in our lives and our work, the more effective we will be.

Listen and learn. Great leaders realize that their colleagues—and even their rivals—have valuable knowledge and keen insights. We are never done learning and must keep our eyes, ears, and minds open to new ideas.

Invest in people. It pays to mentor and encourage others. At home and at the office, nurturing others to success contributes to the greater good and fosters loyalty and reciprocity.

As Steve so eloquently put it, “We can add value to our lives by helping others.”

President Ford wasn’t the only role model in Steve’s life. He also credits his outspoken mother Betty for his appreciation of strong character. She helped remove the stigma surrounding two previously taboo issues: breast cancer and addiction. And she was a vocal advocate of the Equal Rights Amendment.

Today, these issues are part of the national conversation, and Steve says we have his mother to thank, in part, for that.

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What Constitutes a Medical Control Authority in Michigan?

by Kevin Denecke
Risk Control Consultant

LAST YEAR, Section 333.20919 of Michigan’s Public Health Code was amended with an effective date of October 14, 2014. The changes included protocols for the administration of opioid antagonists under Section 333.20919(1)(k).

As MMRMA staff and service providers reviewed these changes, we also discovered similar language about the administration of epinephrine and epinephrine auto-injectors (333.20919(1)(i)) and automated external defibrillators (333.20919(1)(j)).

In MMRMA’s opinion, MCL 333.20919(1) applies only to a medical control authority. MMRMA members that do not serve as a designated medical control authority in their jurisdictions do not need to comply.

A “medical first response service” does not include a law enforcement agency, as defined in Section 8 of 1968 PA 319, MCL 28.258, unless the law enforcement agency portrays itself as a medical first response service and the unit was dispatched to provide medical first response life support.

Protocols issued by a medical control authority require compliance only if a vehicle is a “life support vehicle” or a “medical first response vehicle.” A police patrol car whose primary functions are not related to medical or life support would likely not fall within the guidelines. Also, a vehicle is not a medical first response vehicle solely because a first responder operates it.

Consult Legal Counsel
This article is intended to bring the issue to our members’ attention and is not intended to constitute legal advice. Members should seek the opinion of their own corporate counsel for specific questions about Michigan’s Public Health Code.


Medical First Response Service: A person licensed by the department to respond under medical control to an emergency scene with a medical first responder and equipment required by the department before the arrival of an ambulance, and includes a fire suppression agency only if it is dispatched for medical first response life support.

Medical first response does not include a law enforcement agency as defined in Section 8 of 1968 PA 319, MCL 28.258, unless the law enforcement agency holds itself out as a medical first response service and the unit responding was dispatched to provide medical first response life support.

Medical First Response Vehicle: A motor vehicle staffed by at least 1 medical first responder and meeting equipment requirements of the department. Medical first response vehicle does not include a vehicle solely because it is staffed with a medical first responder.

Life Support Agency: An ambulance operation, non-transport pre-hospital life support operation, aircraft transport operation, or medical first response service.

Life Support Vehicle: An ambulance, nontransport pre-hospital life support vehicle, aircraft transport vehicle, or medical first response vehicle.

Read the full text of Section 333 at http://legislature.mi.gov/doc.aspx?mcl-333-20919
Public pools take a much different approach than commercial insurers. Rather than trying to maximize profits in a cyclical and volatile insurance market, pools emphasize controlling the cost of risk over the long term.

Below are some key differentiators between pools and commercial insurers:

- **Pool contributions** collect only the amounts needed to fund losses and expenses and do not include provisions for corporate profits or taxes. While pool contributions may not always be the lowest in soft market cycles, they do offer long-term predictability and stability.

- **Pools manage capital for their members’ benefit.** They hold and invest adequate capital for long-term strength. This may result in distributions of excess assets to members upon renewal. Since 2006, MMRMA has returned almost $200 million in excess net assets to its members.

- **Pools provide the broadest possible coverage for municipal operations, with few exclusions and limitations.** Coverage terms are not changed in response to market cycles.

- **Commercial insurers come and go from the public sector, but MMRMA is always there for its members.**

- **Pools take a proactive approach to handling claims and litigation, with an emphasis on member involvement.** This creates a true partnership that results in better-than-expected outcomes.

- **Pools place a strong emphasis on risk control.** They develop a deep understanding of public sector risk and provide specialized services that commercial insurers do not offer.

**Threat Assessment**

We can have the strongest possible character and still face threats to our information and our security. Cyberdefense expert Dr. Curtis K.S. Levinson shared pointers on how to assess and avoid intrusions on our data and resources.

After helping identify the “bad guys” (from foreign nation-states to bored teenagers) and the “good guys” (the military, law enforcement, and professional cyber experts), Curtis explained these basic elements of internet safety:

- **Awareness.** It’s important to know what the risks are and target them in a focused way. As Curtis put it, “Paranoia is bad, but applied paranoia is good.”

- **Be smart in cyberspace.** Curtis warns against signing up for too many subscriptions, which puts your name, email, and contact information in more places. “There’s no privacy on social media,” he reminded the group.

- **Don’t conduct financial transactions on mobile devices.** “Wait until you get home,” Curtis urged.

- **No take-backs.** The internet is forever. If you think you might want to delete something later, don’t publish it at all. While you’re at it, don’t write down passwords.

**Build Your Own Strengths**

There are many facets of strength for individuals and institutions alike. Together, these speakers gave Annual Meeting attendees new tools to bolster their teams, leadership skills, and cyber infrastructure—both at home and at work.