



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
248.656.4630  
[www.rochesterhills.org](http://www.rochesterhills.org)

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Legislative File No: 2015-0253

**TO:** Mayor and City Council Members

**FROM:** Keith Sawdon, Director of Finance, 2535

**DATE:** June 29, 2015

**SUBJECT:** Insurance Renewal with MMRMA

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**REQUEST:**

We are requesting that City Council authorize the renewal of our insurance policy with the Michigan Municipal Risk Management Authority (MMRMA) for insurance coverage (general liability, motor vehicle physical damage, property and crime coverage) pool contributions/costs, stop loss coverage, SIR (self insured retention) fund replenishment, legal defense and risk management consulting in the amount not-to-exceed \$378,134 through June 30, 2016.

**REASON FOR PURCHASE:**

The City of Rochester Hill has been a member of the Michigan Municipal Risk Management Authority (MMRMA) self-insurance pool since 1985. The Authority is organized under the laws of the State of Michigan to provide assistance with administrative claims, the purchase of reinsurance, legal defense, risk management and loss control services to Michigan cities, counties, townships and special purpose governments.

Participating governmental entities contribute to the insurance pool based on the value of property covered, size of their payroll, size/extent of operations, claim experience and industry conditions. The membership is a perpetual membership unless the City withdraws at the end of any anniversary year by giving at least ninety (90) days notice, in writing, or the members of the MMRMA Board of Directors terminates (for certain reasons) the City's membership by a two-thirds vote.

The City must maintain an account with MMRMA, sufficient funds to pay its SIR obligation. SIR obligations are unpredictable and can change significantly after a claim/event is reported. The requested blanket is for the premium only; our SIR account contains enough funding to cover us.

The City was recently notified that it will be receiving \$565,415 in asset distributions from MMRMA following our renewal.

**PROCESS:**

**Vendor Name and Address:**

Michigan Municipal Risk Management Authority  
14001 Merriman  
Livonia, Michigan 48154

**Reason for Selection:**  
Best Value

**Method of Purchase:**  
Renewal

**BUDGET:**

Since the premium covers half of one budget year and the other half of the next budget year we have divided the premium into two budget years. The budget for 2016 is an estimate at this time.

Fund Name	Department Account No	Account No. Description	2015 Remaining Budget Amount	Cost	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$221,293	\$189,067	\$32,226

Fund Name	Department Account No	Account No. Description	2016 Budget Amount	Cost	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$438,030	\$189,067	\$248,963

**RECOMMENDATION:**

We recommend that City Council approve the City's continuation with Michigan Municipal Risk Management Authority (MMRMA) for insurance coverage (general liability, motor vehicle physical damage, property and crime coverage) pool contributions/costs, stop loss coverage, SIR (self insured retention) fund replenishment, legal defense and risk management consulting in the amount not-to-exceed \$378,134 through June 30, 2016.

**RESOLUTION**

*Whereas*, the Mayor is requesting continuation of the City's Insurance (general liability, motor vehicle physical damage, property and crime coverage) coverage including pool contributions, stop loss coverage, SIR (self insured retention) fund replenishment, and risk management consulting in the amount not-to-exceed \$378,134 through June 30, 2016 with the Michigan Risk Management Authority, located in Livonia MI

*Resolved* that the City of Rochester Hills City Council hereby authorizes a Blanket Purchase Order/contribution to the Michigan Municipal Risk Management Authority of Livonia, Michigan, for general liability, motor vehicle physical damage, property and crime coverage, pool contributions, stop loss coverage, SIR (self insured retention) fund replenishment, and risk management consulting in the amount not-to-exceed \$378,134 through June 30, 2016.

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APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		