



MICHIGAN MUNICIPAL
RISK MANAGEMENT
A U T H O R I T Y

September 22, 2011

Mr. Keith Sawdon
City of Rochester Hills
1000 Rochester Hills Drive
Rochester Hills, MI 48309

Re: MMRMA Coverage Clarification

Dear Mr. Sawdon:

The following addresses concerns that the Consultant has presented to the City. I would like to clarify certain coverage areas so that the City is comfortable with their decision to be an MMRMA Member.

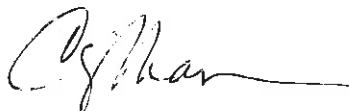
1. The MMRMA Coverage Document's pollution exclusion is not as restrictive as interpreted. MMRMA coverage does protect "liability arising out of spills of operating fluids, such as fuels or lubricants, from mobile equipment" and "for spills of operating fluids which result from automobile collisions." MMRMA provides Michigan No-Fault Law coverage and by virtue of that law, coverage is automatically extended for such instances for all vehicles and mobile equipment that are licensed for road travel. Not only for 3rd party liability, but for clean up as well. Under the Michigan No-Fault Law, liability arising out of the operation, maintenance or use of a motor vehicle is covered for pollution and other 3rd party liability. In this case, the limit of coverage that the City of Rochester Hills enjoys is \$15,000,000 per occurrence with no aggregates. Furthermore, by virtue of the Property Protection Insurance portion of the Michigan No-Fault Law there is also coverage for pollution clean up that arises out of the operation, maintenance and use of a motor vehicle. That limit is set at \$1,000,000 per occurrence by the Michigan No-Fault Law. The MMRMA has paid claims for cleanup of this nature. In addition, the MMRMA also provides limited pollutant clean up and removal coverage, which means "the Member's expense to extract pollutants from land, buildings or water at the Member's premises on file with MMRMA, only if the release, discharge or disposal of the pollutants is caused solely by or results only from a named cause of loss that occurs during the membership period." The limit for this limited clean up is \$10,000 per occurrence.
2. The MMRMA does provide Computer Theft or Electronic Fund Transfers protection. Coverage can be found under the Money and Securities section of the MMRMA Coverage Document. This coverage is for money that is lost, damaged or destroyed from a covered cause of loss. There is disappearance exclusion, but there is an exception to that exclusion for money and securities.



3. Language that references "Out of State" events as they relate to Business Auto Coverage would not specifically be found in the MMRMA Coverage Document. Because the MMRMA provides all risk coverage, there are no restrictions of where a member owned vehicle can be driven. MMRMA has provided coverage to members' vehicles when they have driven to other states or other countries. The MMRMA coverage limit for auto liability would apply.
4. Volunteers are protected for bodily injury up to \$25,000. This is an added limit to fill the gap that might exist because some Workers' Compensation policies may not provide coverage for injuries to volunteers. There is no exclusion for lawsuits filed by a volunteer and the City would be protected to the full \$15,000,000 per occurrence limit if a volunteer sued for wrongful supervision, improper training or other such events that result in a liability claim/suit. Again, the volunteer is covered for bodily injury up to \$25,000 to fill a potential gap in a Workers Compensation policy; however, this is in addition to any liability claims the volunteer may bring against the City.
5. We believe that the MMRMA earthquake limit is much higher than its peers; it does have an All Member aggregate of \$5,000,000 for this coverage; however, coverage can be increased, if requested. Higher limits are available and a policy can be written through one of the MMRMA reinsurance carriers. A separate application would need to be completed.
6. The MRMMA coverage does limit the extra expense to 12-months. We checked with MMRMA to see if there has ever been a claim that exceeded the 12 month period in the history of the MMRMA. No historical claim has exceeded the 12 month limit. We feel the \$1,000,000 extra expense limit is generous.

If you have any questions, please contact me.

Sincerely,



Craig Manser
Regional Risk Manager