



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2010-0252

TO: Mayor and City Council Members
FROM: Keith Sawdon, Director of Finance, 2535
DATE: May 14, 2010
SUBJECT: Insurance Renewal with MMRMA

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 \$596,000 through June 30, 2011.

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, at all times, on 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 comprised of \$496,000 for coverage costs and \$100,000 for SIR.

The City was recently notified that it will be receiving n \$123,385 in asset distributions (refund) from the MMRMA in next several weeks.

PROCESS:

Vendor Name and Address:

Michigan Municipal Risk Management Authority
14001 Merriman
Livonia, Michigan 48154

Reason for Selection:

Renewal

Method of Purchase:

Blanket Purchase Order

BUDGET:

The 2010/2011 contribution is an estimate at this time.

Fund Name	Department Account No	Account No. Description	2010 Budget Amount	Cost	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$639,000	\$300,000	\$339,000

Fund Name	Department Account No	Account No. Description	2011 Budget Amount	Cost	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$634,000	\$296,000	\$338,000

*Split between 2010 and 2011 fiscal years

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 \$596,000 through June 30, 2011.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		