

MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY

COVERAGE OVERVIEW

Member:	City of Rochester Hills	Member No: 78
Date of Original Membership:	July 27, 1985	
Overview Dates:	July 01, 2011 to July 01, 2012	
Member Representative:	Bryan K. Barnett	Telephone #: (248) 656-4664
Regional Risk Manager:	Ibex Insurance Agency	Telephone #: (248) 538-0470

A. Introduction

The Michigan Municipal Risk Management Authority (hereinafter "MMRMA") is created by authority granted by the laws of the State of Michigan to provide risk financing and risk management services to eligible Michigan local governments. MMRMA is a separate legal and administrative entity as permitted by Michigan laws. **City of Rochester Hills** (hereinafter "Member") is eligible to be a Member of MMRMA. **City of Rochester Hills** agrees to be a Member of MMRMA and to avail itself of the benefits of membership.

City of Rochester Hills is aware of and agrees that it will be bound by all of the provisions of the Joint Powers Agreement, Coverage Documents, MMRMA rules, regulations, and administrative procedures.

This Coverage Overview summarizes certain obligations of MMRMA and the Member. Except for specific coverage limits, attached addenda, and the Member's Self Insured Retention (SIR) and deductibles contained in this Coverage Overview, the provisions of the Joint Powers Agreement, Coverage Documents, reinsurance agreements, MMRMA rules, regulations, and administrative procedures shall prevail in any dispute. The Member agrees that any dispute between the Member and MMRMA will be resolved in the manner stated in the Joint Powers Agreement and MMRMA rules.

B. Member Obligation - Deductibles and Self Insured Retentions

City of Rochester Hills is responsible to pay all costs, including damages, indemnification, and allocated loss adjustment expenses for each occurrence that is within the Member's Self Insured Retention (hereinafter the "SIR"). **City of Rochester Hills's** SIR and deductibles are as follows:

Table I
Member Deductibles and Self Insured Retentions

COVERAGE	DEDUCTIBLE	SELF INSURED RETENTION
Liability	None	\$150,000
Vehicle Physical Damage	\$1,000 / Vehicle	\$15,000 / Vehicle \$30,000 / Occurrence
Property and Crime	\$1,000 / Occurrence	10% of the remaining up to \$100,000 of loss
Sewage System Overflow	None	\$150,000 / Occurrence

The Member must satisfy all deductibles before any payments are made from the Member's SIR or by MMRMA.

The City of Rochester Hills is afforded all coverages provided by MMRMA, except as listed below:

- 1.
- 2.
- 3.
- 4.

All costs including damages and allocated loss adjustment expenses are on an occurrence basis and must be paid first from the Member's SIR. The Member's SIR and deductibles must be satisfied fully before MMRMA will be responsible for any payments. The most MMRMA will pay is the difference between the Member's SIR and the Limits of Coverage stated in the Coverage Overview.

City of Rochester Hills agrees to maintain, at all times, on account with MMRMA, sufficient funds to pay its SIR obligations. The Member agrees to abide by all MMRMA rules, regulations, and administrative procedures pertaining to the Member's SIR.

C. MMRMA Obligations - Payments and Limits of Coverage

After the Member's SIR and deductibles have been satisfied, MMRMA will be responsible for paying all remaining costs, including damages, indemnification, and allocated loss adjustment expenses to the Limits of Coverage stated in Table II. The Limits of Coverage include the Member's SIR payments.

The most MMRMA will pay, under any circumstances, which includes payments from the Member's SIR, per occurrence, is shown in the Limits of Coverage column in Table II. The Limits of Coverage includes allocated loss adjustment expenses.

TABLE II
Limits of Coverage

Liability and Motor Vehicle Physical Damage	Limits of Coverage Per Occurrence		Annual Aggregate	
	Member	All Members	Member	All Members
1 Liability	15,000,000	N/A	N/A	N/A
2 Judicial Tenure	100,000	N/A	N/A	N/A
3 Sewage Systems Overflows	500,000	N/A	500,000	N/A
4 Volunteer Medical Payments	25,000	N/A	N/A	N/A
5 First Aid	2,000	N/A	N/A	N/A
6 Vehicle Physical Damage	1,500,000	N/A	N/A	N/A
7 Uninsured/Underinsured Motorist Coverage (per person)	100,000	N/A	N/A	N/A
Uninsured/Underinsured Motorist Coverage	250,000	N/A	N/A	N/A
8 Michigan No-Fault	Per Statute	N/A	N/A	N/A
9 Terrorism	5,000,000	N/A	N/A	5,000,000

Property and Crime	Limits of Coverage Per Occurrence		Annual Aggregate	
	Member	All Members	Member	All Members
1 Buildings and Personal Property	57,445,361	300,000,000	N/A	N/A
2 Personal Property in Transit	1,000,000	N/A	N/A	N/A
3 Unreported Property	5,000,000	N/A	N/A	N/A
4 Member's Newly Acquired or Constructed Property	5,000,000	N/A	N/A	N/A
5 Fine Arts	1,000,000	N/A	N/A	N/A
6 Debris Removal (25% of insured direct loss plus)	25,000	N/A	N/A	N/A
7 Money and Securities	1,000,000	N/A	N/A	N/A
8 Accounts Receivable	1,000,000	N/A	N/A	N/A
9 Fire Protection Vehicles, Emergency Vehicles, and Mobile Equipment (Per Unit)	6,216,499	10,000,000	N/A	N/A
10 Fire and Emergency Vehicle Rental (12 week limit)	1,000 per week	N/A	N/A	N/A
11 Structures Other Than a Building	5,000,000	N/A	N/A	N/A
12 Storm or Sanitary Sewer Back-Up	1,000,000	N/A	N/A	N/A
13 Marine Property	250,000	N/A	N/A	N/A
14 Other Covered Property	10,000	N/A	N/A	N/A
15 Income and Extra Expense	1,000,000	N/A	N/A	N/A
16 Blanket Employee Fidelity	1,000,000	N/A	N/A	N/A
17 Earthquake	5,000,000	N/A	5,000,000	100,000,000
18 Flood	5,000,000	N/A	5,000,000	100,000,000
19 Terrorism	50,000,000	50,000,000	N/A	N/A

D. Contribution for MMRMA Participation

City of Rochester Hills

Period: July 01, 2011 to July 01, 2012

Coverages per Member Coverage Overview:	\$	408,666
Stop Loss Coverage:	\$	26,563
Member Loss Fund Deposit:	\$	100,000
<u>TOTAL ANNUAL CONTRIBUTIONS:</u>	\$	535,229

E. List of Addenda

1. Sewer Exclusion
2. Limited Liability Coverage for Terrorism
3. Limited Property Coverage for Terrorism
4. Stop Loss Program Participation Agreement
5. Limited Sewer System Overflow Coverage

Accepted by:

City of Rochester Hills

MMRMA

Member Representative



MMRMA Representative

Date

3-11-11

Date

ADDENDUM

SEWAGE EXCLUSION

This Addendum Modifies the Liability and Motor Vehicle Physical Damage Coverage Document

A. Definitions

Section 4 of the Liability and Motor Vehicle Physical Damage Coverage Document is amended to include the following definition:

16. **SEWAGE**
means any human or animal bodily fluids or solids. Sewage also means any toxins or bacteria including, by way of illustration but not limitation, e coli. Sewage also means any microbes or viruses including, by way of illustration but not limitation, Hepatitis A or B, HIV, and other AIDS viruses. Sewage also means any pathogens, carcinogens, diseased or disease-carrying organism, spores, chemicals, fertilizers or any other elements of sewage including, by way of illustration but not limitation, combined sewage overflow, groundwater, rainwater, debris, sewer gases, vapors, odors, liquids, or solids. Sewage also means any sewage effluent of every kind, nature, and description, and/or any other gases, liquids, solids, or components of sewage which may be contained in solution, whether fully treated, partially treated, or untreated.

B. Exclusion

Section 2 of the Liability and Motor Vehicle Physical Damage Coverage Document is amended to include the following exclusion:

- T. the actual, alleged, or threatened discharge, dispersal, release, seepage, migration or escape of water, groundwater, rainwater, sewage, solids, liquids or waste:
- (a) at or from any real or personal property the Member owns, rents, or occupies;
 - (b) at or from any site or location used by or for the member, or others, for transporting, handling, storage, disposal, processing, or treatment;
 - (c) which at any time are transported, handled, stored, treated, disposed of or processed by or from the Member or any person or organization for whom the Member may be legally responsible;
 - (d) from sewers, drains, or sumps into, on or upon any person or property of any other party including, by way of illustration but not limitation, structures, buildings, residences, and basements.

ADDENDUM

Limited Liability Coverage for Terrorism

This Addendum Modifies the Liability and Motor Vehicle Physical Damage Coverage Document

A. Limited Liability Terrorism Coverage, Procedures, Exclusions.

1. Limited Liability Coverage for Terrorism shall be a separate and distinct coverage from any other coverage provided to the Members by MMRMA.
2. The definitions in Section 4 of the Liability and Motor Vehicle Physical Damage Coverage Document shall apply to Limited Liability Coverage for Terrorism.
3. The Member Duties, Responsibilities, Other Conditions stated in Section 5 of the Liability and Motor Vehicle Physical Damage Coverage Document shall apply to Limited Liability Coverage for Terrorism.
4. The deductibles and retention for liability, if any, stated in the Coverage Overview shall apply to Limited Liability Coverage for Terrorism in the same manner as they apply to any other liability coverage. Terrorism is the only subject of coverage included in this Addendum.

B. Definitions

For the purposes of this Addendum, Terrorism shall mean an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

C. Limitations of Coverage

1. MMRMA will pay for any loss as defined in Sections 1 and 2 of the Liability and Motor Vehicle Physical Damage Coverage Document, caused by terrorism, the actual loss up to a \$5,000,000 limit.
2. Terrorism payments are further limited by a \$5,000,000 terrorism aggregate loss limit. If covered losses by all Members exceed said aggregate loss limit, the most MMRMA will pay is the aggregate loss limit. The aggregate loss limit shall apply for all losses occurring in a July 1 - June 30 calendar year. Each Member will share in said aggregate loss limit in the same percentage that the Member's covered loss is of the total covered losses of all Members.
3. This coverage excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in any way connected with any of the following, regardless of any other cause or event contributing concurrently or in any sequence to the loss:

- a. Any act of bio-terrorism; or
- b. Any act of nuclear terrorism; or
- c. Any act of chemical terrorism; or
- d. Any act designed to release germs that cause epidemical disease.

For the purpose of this Addendum, an act of bio-terrorism, nuclear terrorism, chemical terrorism and/or designed to release germs that cause epidemical disease shall mean an act, including but not limited to the use of force or violence and/or the threat thereof, involving or resulting in the release of biological or chemical agents or nuclear materials or germs, by an person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), apparently committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Addendum also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a), (b), (c) and/or (d) above.

ADDENDUM

Exclusion of Certified Acts and Other Acts of Terrorism With Limited Property Terrorism Coverage

This Addendum Modifies the Property and Crime Coverage Document

A. Limited Property Terrorism Coverage and Procedures.

1. Limited Property Terrorism Coverage shall be a separate and distinct coverage from any other coverage provided to the Members by MMRMA. The provisions of this addendum shall be controlling.
2. The definitions in Section 9 of the Property and Crime Coverage Document shall apply to Limited Property Terrorism Coverage.
3. The Member's Duties, and Other Procedures Relating to a Property, Income or Extra Expense Claim stated in Section 6 of the Property and Crime Coverage Document shall apply to Limited Property Terrorism Coverage.
4. The deductibles and retention for property and crime, if any, stated in the Coverage Overview shall apply to Limited Property Terrorism Coverage in the same manner as they apply to any other property coverage.

B. Definitions

1. "Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the Federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:
 - a. The act resulted in aggregate losses in excess of \$5 million; and
 - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. "Other Act of Terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure:

- a. That is committed by an individual or individuals and appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion; and
- b. That is not certified as a terrorist act pursuant to the Federal Terrorism Risk Insurance Act of 2002.

C. Exclusion of Certified Acts and Other Acts of Terrorism

Except as provided under Section D of this Addendum, MMRMA will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism" or an "other act of terrorism". Such loss or damage is excluded regardless of any other cause of event that contributes concurrently or in any sequence to the loss.

D. Limited Property Terrorism Coverage and Exclusions

Limited Property Terrorism Coverage is extended to include direct physical loss or damage caused by or resulting from a "Certified Act of Terrorism" or an "Other Act of Terrorism," but only as described and limited in provisions 1. through 4. below:

1. This Limited Property Terrorism Coverage does not apply to any "Certified Act of Terrorism" or "Other Act of Terrorism" when one or both of the following are attributed to such act:
 - a. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 - b. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.
2. The exclusion of "Certified Acts of Terrorism" and "other Acts of Terrorism" in Section C of this Addendum does not apply to this Limited Property terrorism Coverage. But all other exclusions and all limitations applicable to the Property and Crime Coverage Document, including but not limited to the War and Military Action exclusion and the Nuclear Hazard exclusion, apply to loss or damage under this Limited Property Terrorism Coverage.
3. Regardless of the number of locations, items or types of property or coverages involved, the most MMRMA will pay, per occurrence, under this Limited Property Terrorism Coverage for all loss or damage

caused by or resulting from all incidents of "certified acts of terrorism" or "other acts of terrorism" is \$50,000,000. Multiple incidents of "certified acts of terrorism" and "other acts of terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one occurrence under this Limited Property Terrorism Coverage. This limit is part of, and does not increase the Limits of Coverage stated in the Coverage Overview.

ADDENDUM

**STOP LOSS PROGRAM
PARTICIPATION AGREEMENT**

Optional

The Stop Loss Program limits the Member's cash payments during a July 1 - June 30 year for those costs falling within the Member's SIR. The Stop Loss Program responds only to cumulative Member SIR payments, including damages, indemnification, and allocated loss adjustment expenses, within a July 1 - June 30 calendar year. The paid costs include payments for any coverage provided to the Member by MMRMA provided that the costs are actually paid within the July 1 - June 30 period. On July 1 of each year, the Member's paid costs accumulate from zero.

If the Member has chosen to participate in the Stop Loss Program, and if the Member's paid costs exceed the member's entry point, the Stop Loss Program will pay, until July 1, all costs that would, in the absence of the Stop Loss Program, be paid from the Member's SIR. **City of Rochester Hills's** entry point is **\$458,000** . Withdrawing Members do not participate in the Stop Loss Program after the date of withdrawal.

The Member agrees to be bound by MMRMA rules relating to the Stop Loss Program.

Accepted by:

Member Representative

Date: _____

MMRMA



Authorized Representative

Date: 3-11-11

ADDENDUM

LIMITED SEWAGE SYSTEM OVERFLOW COVERAGE (Optional)

This Addendum Modifies the Liability and Motor Vehicle Physical Damage Coverage Document

A. Definitions

1. Sewage System Overflows mean the actual, alleged, or threatened discharge, dispersal, release, seepage, migration or escape of water, groundwater, rainwater, sewage, solids, liquids or waste from the Member's sewers, drains or sumps into, on or upon any person or property of any other party including, by way of illustration but not limitation, structures, buildings, residences and basements.
2. Sewage means the term defined in Section 4 of the Liability and Motor Vehicle Coverage Document.

B. Limited Sewage System Overflow Coverage

MMRMA will pay on behalf of the Member all monies, subject to both an occurrence limit and an annual aggregate limit, the Member becomes legally obligated to pay as damages to another person because of an occurrence first taking place during the period of Membership for Sewage System Overflows. The most MMRMA will pay, under any circumstances, which includes payments from the Member's SIR and allocated loss adjustment expense, per occurrence subject to a an annual aggregate, is shown in the Limits of Coverage column in Table II of the Coverage Overview. If there is no limit of coverage specified, then there is no coverage.