



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: 2020-0154

**TO:** Mayor and City Council Members  
**FROM:** Joe Snyder, Chief Financial Officer, x2534  
**DATE:** May 4, 2020  
**SUBJECT:** 2020-2021 Insurance Renewal

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**REQUEST:**

We are requesting that City Council authorize the renewal of the City's 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 of \$400,194 for the period July 1, 2020 through July 1, 2021.

**REASON FOR PURCHASE:**

The City of Rochester Hills has been a member of the MMRMA self-insurance pool since 1985.

The 2020-2021 Insurance Renewal through MMRMA is an essential service to the City of Rochester Hills as the MMRMA 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 upon the value of property covered, size of payroll, size/extent of operations, claim experience, and industry conditions. The membership is a perpetual membership unless the City withdraws at the end of the anniversary year by giving at least ninety (90) days written notice, or if the members of the MMRMA Board of Directors terminates (for certain reasons) the City's membership by a two-thirds vote.

The City was recently notified that it will be receiving +\$357,246 in net asset distributions from MMRMA following our 2020-2021 renewal. This results in a net cost of insurance for 2020-2021 of \$42,948.

**PROCESS:**

**Vendor Name and Address:**

Michigan Municipal Risk Management Authority  
14001 Merriman  
Livonia, MI 48154

**Reason for Selection:**

Best Value

**Method of Purchase:**

Renewal

**BUDGET:**

Funding is included in the FY 2020 Adopted Budget for the 2020-2021 Insurance Policy.

If approved by City Council a 2<sup>nd</sup> Quarter 2020 Budget Amendment will be made to recognize the +\$357,246 of net asset revenue distributions into the Insurance Fund to help offset the cost of the Insurance policy renewal.

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
Insurance Fund	677.910000	Liability Insurance	\$415,000	\$400,194	\$14,806

**RECOMMENDATION:**

We are requesting that City Council authorize the renewal of the City’s 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 of \$400,194 for the period July 1, 2020 through July 1, 2021.

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<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		

Contract Reviewed by City Attorney       Yes       N/A