



**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: 2011-0027v3

TO: Mayor and City Council Members

FROM: Keith Sawdon, Director of Finance, Ext 2535

DATE: April 21, 2011

SUBJECT: Property and Liability Insurance Blanket Purchase

REQUEST:

We are requesting that City Council authorize the purchase 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, legal defense and risk management consulting in the amount not-to-exceed \$408,666 covering the period July 1, 2011 to June 30, 2012.

REASON FOR PURCHASE:

As you may recall that the City conducted a Request for Proposal process earlier this year for property and liability insurance coverage currently being provided by MMRMA. At the conclusion of that process, it was determined to continue with the MMRMA.

We are requesting a blanket in the amount of \$408,666 for insurance coverage costs only. We are not recommending the purchase of stop loss coverage for this premium period or an additional deposit into our SIR (self Insurance retention) fund.

During our evaluation of the insurance coverage for the City, which covered a look back period of over 5 years, at no point within that 5 years did the City ever come close to incurring SIR payments in excess of \$458,000, within any one rate period, which is the trigger point for stop loss coverage. It is possible that history may not repeat its self but it is our recommendation to City Council to not purchase the stop loss policy.

In addition, the City currently has a SIR balance of over \$350,000 which we believe is large enough, at this time, to cover any self insurance payments. Therefore, we are not recommending an additional deposit into our SIR account.

The City was also notified that it will be receiving an asset distribution from the MMRMA this July which will be used to off set the 2011-2012 premium.

PROCESS:

Vendor Name and Address:

Michigan Municipal Risk Management Authority
14001 Merriman
Livonia, Michigan 48154

Reason for Selection:

Best Value

Method of Purchase:

Blanket Purchase Order

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Insurance Fund	677.910000	Property and Liability Insurance	616,000	408,666	207,334

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 in the amount not-to-exceed \$408,666 through June 30, 2012.

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