



MICHIGAN MUNICIPAL  
RISK MANAGEMENT  
AUTHORITY

# STRONGER TOGETHER

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2022 ANNUAL REPORT

[www.mmrma.org](http://www.mmrma.org)



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## To our members

Michigan Municipal Risk Management Authority is proud to present the Fiscal Year 2022 Annual Report to Members: *MMRMA: Stronger Together*.

When two or more people unite in pursuit of a common aim, the result is often greater than the sum of its parts. In effective systems, each contributor functions as a gear, and together they work in sync with one another, leveraging exponential and sustainable strength far beyond what any individual could achieve.

This can be said of personal unions: families, athletic teams, and clubs. And it applies equally to professional organizations of all kinds. MMRMA is no exception.

As a public entity risk pool, MMRMA has exemplified this *Stronger Together* phenomenon since 1980, when founding members joined forces in the face of increasingly hard market conditions that made it challenging for public entities to secure property and liability insurance.

In the decades since, MMRMA has embodied a *Stronger Together* ethos in every facet of operations: the cohesive governance of the Board of Directors and executive team; our innovative expertise-sharing committee structure; the staff and business partners who conduct day-to-day activities with integrity and professionalism; and most importantly, the membership itself.

MMRMA is member-owned and member-governed: we exist because of and for our members, and we fulfill that purpose with commitment and pride.

While the challenges of the early 1980s have given way to new and emerging risks and opportunities over the years, MMRMA remains steadfast in its mission to serve members while meeting the challenges of each day head on, developing strategic objectives and initiatives to address them.

That strategic approach drives the interactive gears that fortify MMRMA and keep us *Stronger Together*. These pages include highlights of what we have achieved through that collective strength and the ongoing commitment of you, the members.

Thank you.



**Michael Rhyner**  
Executive Director

**Michael Bosanac**  
Board Chairman





# Joined in Membership

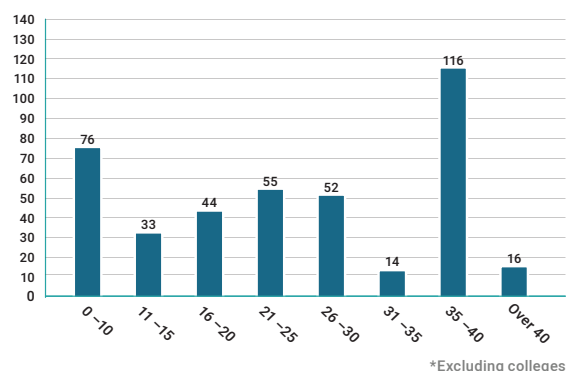
## MEMBERS ARE THE FOUNDATION

MMRMA's success starts and ends with the membership. Founded in 1980 by three members that spanned the entire state – from Redford Township in Southeast Michigan to Livingston County in the Lower Peninsula and to the City of Ishpeming in the UP – MMRMA grew to 425 member entities in 2022.

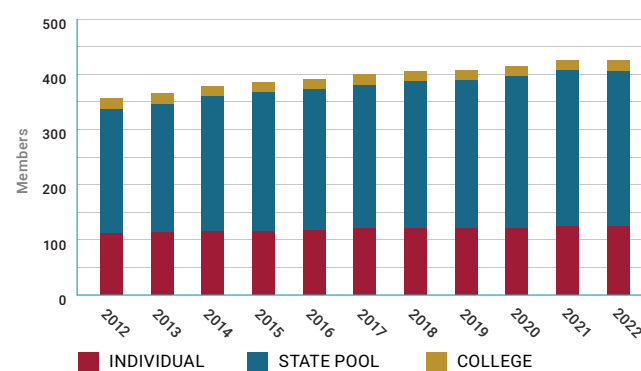
New partnerships can sometimes seem risky at first, and in 1980 some in the insurance arena denounced the novel idea of public entity risk pooling. Over four decades later, their warnings have been soundly discredited, and pools have proliferated across the country and other parts of the world.

The benefits are proven. And thanks to the innovative spirit that led to MMRMA's formation, they are not stagnant. Creative collaboration remains a strong thread binding the membership, with results that are evident in every area of MMRMA.

### Years of Continuous Membership\*



### Sustainable Member Growth



## ACCLAIMED GOVERNANCE

Our member-owned, member-driven governance model is the very essence of what makes us *Stronger Together*. The Board of Directors and executive team have developed a clear and comprehensive set of governing policies that provide the direction for MMRMA and have been lauded by state and financial auditors as exemplary in both the pooling and insurance industries.

These living documents serve as a road map for MMRMA's organization and planning, governance, finances, and operations. They embody our member-governed nature, outlining the roles and responsibilities of the Board of Directors (see pages 11-12) and the member experts who volunteer their time and knowledge on MMRMA's committees:

### Standing Committees

- Membership
- State Pool
- Investment
- Events Planning

### Risk Control Advisory Committees

- Administrative
- Corrections
- Facilities Management
- Fire & EMS
- Law Enforcement
  - Lower Peninsula
  - Upper Peninsula
- Parks & Recreation
- Public Services
- Technology & Cyber Security

Hundreds of member department heads and employees on these committees bolster MMRMA's services to the entire membership. Their good work continuously elevates our programs and our excellent standing in the public entity risk pooling industry.

We sincerely appreciate the contributions of everyone who has served on these committees over the years.

## GRANTS, TRAINING, AND MODEL DOCUMENTS

MMRMA's signature Risk Avoidance Program (RAP) and Certification and Accreditation Program (CAP) grants are administered by the Membership Committee in collaboration with staff. In FY 2022, the committee approved 290 grants worth \$2,213,950. Since RAP's inception in 1997 – and including CAP grants since they were introduced in 2014 – MMRMA has allocated \$22.8 million to help members fund equipment, training, and certifications that help mitigate risks.

The Membership Services team also works closely with our Risk Control Advisory committees, developing valuable model policy and procedure documents and member training in their respective areas of operation.



# Rooted in Resources

## FINANCIAL STRENGTH

From economic swings to reinsurance market conditions and other global and national developments, Fiscal Year 2022 was not short on challenges. Fortunately, MMRMA is no stranger to tough times; as mentioned, we were founded in response to insurance conditions that required an innovative approach for public entities.

Thanks to the programs and people showcased in this report, MMRMA is poised to meet such challenges as they arise. Loyal members, excellence in both governance and operations, and sound fiscal policies have helped foster and maintain our robust financial footing, keeping us *Stronger Together*. This is a key reason MMRMA can support and provide services to the membership now and for many years to come.

As of June 30, 2022, MMRMA held \$647,372,386 in assets and an unrestricted net position of \$378,809,290 as of June 30, 2022. (See inside back cover for a graph depicting historical Unrestricted Net Position since inception.)

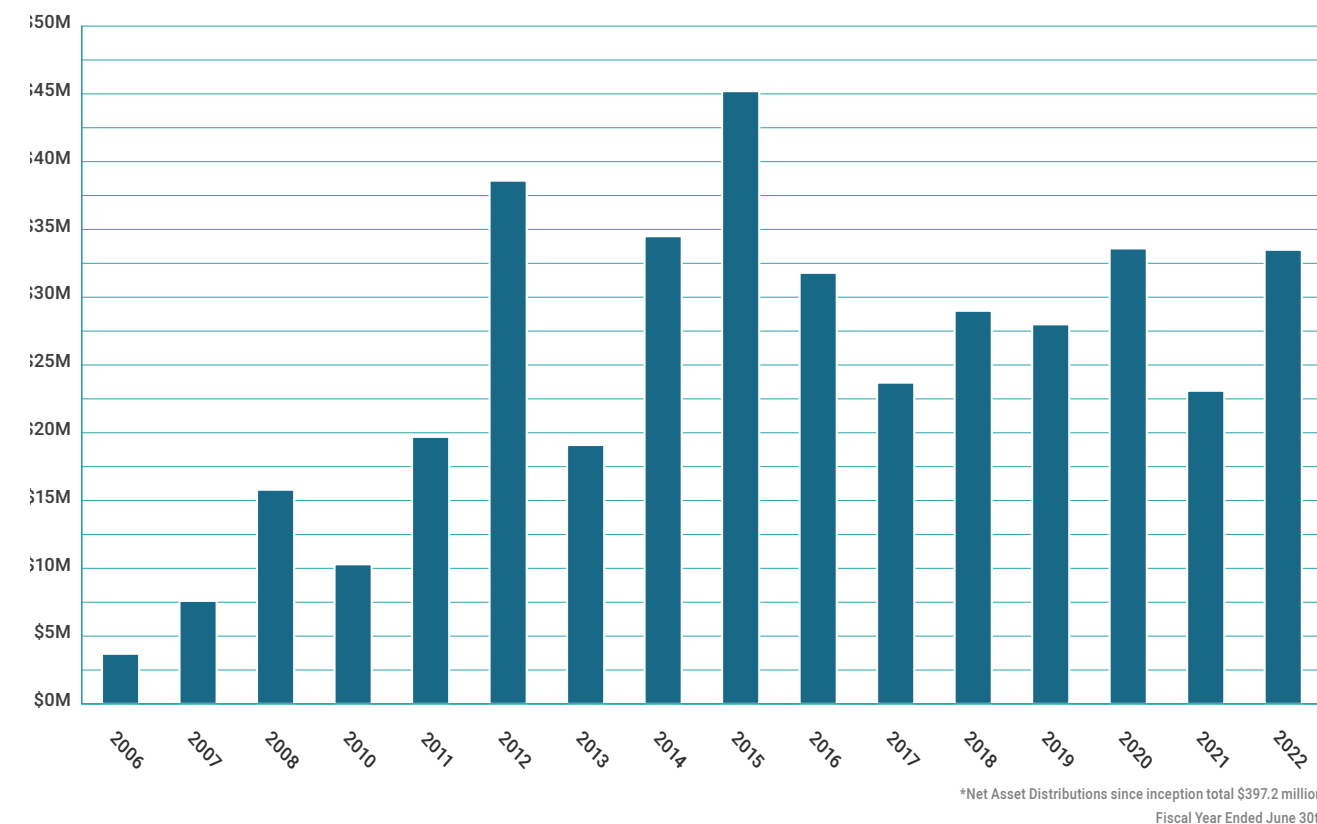
## INVESTMENT IN MEMBERS

The Board and executive team developed the Net Asset Policy in 2006 to “ensure that MMRMA holds adequate capital to meet ... current and future obligations ... and to protect MMRMA from various business risks, thereby ensuring its ability to continue to provide superior programs and services” to members.

Guided by the policy, the Board, Investment Committee, and staff establish guidelines for benchmarking appropriate levels of net assets and for distributing excess net assets to the membership through various mechanisms, including direct distributions to renewing members.

In January 2022, the Board of Directors acted to declare a \$33,544,857 distribution to renewing current Individual and State Pool Members. This was the sixteenth distribution of excess net assets to members, bringing total direct distributions to \$397,217,824 since 2006. Additional excess net assets fund RAP/CAP grants (see page 4), members’ Michigan vehicle assessments, and more. In total, just over \$40 million in excess net assets were deployed for the benefit of the membership in FY 2022.

## Net Asset Distribution History\*



## TECHNOLOGY INITIATIVES

MMRMA also regularly invests time and resources in systems and infrastructure to help deliver services and enhance the member experience. For several years, the Board has identified technology as one of its key strategic priorities. In FY 2022, we launched a new website and member portal.

Additional efforts are underway to provide more online training opportunities, and a cross-departmental team of staff and key business partners continues its diligent work in developing a new business system spanning the functional areas of Underwriting, Claims, Finance, and Membership Services. Once launched, this platform will offer more in-depth reporting and analytics for the organization and more access for member representatives, another example of keeping us *Stronger Together* in this complex and dynamic digital age.







# Synchronized Services

## PROFESSIONALISM AND EXPERTISE

Managing risks for our members is integral to what MMRMA does. While it is difficult to precisely measure the risks avoided or mitigated by members due to training, model policies, guidance, grants, and other benefits provided by MMRMA's Membership Services team, Risk Control Consultants, and committees, we can all be confident that these tools *do* reduce the frequency and severity of incidents.

We also know that it is impossible to avert every risk, and that incidents – and claims – do occur. That's where our Claims and Legal Services team and partner law firms enter the picture. From processing and adjusting claims to coordinating mediations and overseeing litigation activities, these individuals join forces to fulfill their respective roles in serving the membership.

## STABILITY AND SUSTAINABILITY

The Underwriting team and actuarial business partners are essential to our long-term success. They work closely with Risk Managers, Claims, Membership Services, Finance, and the executive team. Together they make sure that in FY 2022, like every year, MMRMA's actuarial reserves, rating and pricing plan, and member contributions align with the insurance marketplace and accurately reflect the risks inherent in the public entity space – and the specific assets and exposures of the membership.

Members also help make this possible by completing annual Renewal Questionnaires, reporting incidents and claims in a timely manner, complying with the Member Financial Responsibilities Policy, and effectively managing risk. MMRMA and the membership are truly *Stronger Together* when everyone does their part.

## STRENGTHENING THE BENCH

In FY 2022, MMRMA added new Claims and Legal Services, Finance, and Risk Management team members. Their experience and skills enhance MMRMA's ability to provide outstanding services to a growing membership.

These new additions also help address succession planning, another ongoing strategic priority. Our members are experiencing retirements and other workforce changes, and MMRMA is not immune to the same trends. We continue to develop and retain staff in all service areas and to work with our business partners to understand their own succession plans.

## COMPREHENSIVE COVERAGE

In MMRMA's early years, property and casualty were the core coverages offered to members, and they remain cornerstones of our living coverage documents. A cross-departmental working group reviews those documents and makes suggestions to the Board of Directors each year, leading to ongoing coverage clarifications and enhancements.

Since MMRMA introduced data breach and privacy liability coverage in 2013, the cybersecurity landscape has become increasingly fraught with risk. While MMRMA has seen claims development in this area, we are confident that the coverage and limits afforded to members are among the best in the pooling industry. Additionally, MMRMA's Cybersecurity Practice Leader works closely with staff and committees to develop training and other resources to address this complex exposure area for members.





# United in Partnership

## SERVICE DELIVERY MODEL

MMRMA's Risk Managers have long been a key component of our service to members. The Board has identified enhanced risk management services as another of its key strategic priorities in recent years. The results of those ongoing efforts have helped MMRMA and our membership remain *Stronger Together*.

Today, the Risk Management team includes risk management professionals on our staff as well as in four partner firms. They meet several times each year with MMRMA managers and staff from across the organization, collaborating on ways to strategically enhance member service delivery, identify opportunities for growth, and coordinate the departments' respective activities.

Risk managers help facilitate the renewal process for our 425 members each year, present new business proposals, and assist members in transferring risk and other matters relating to coverage, endorsements, and related business activities.

## RISING TO MEET MARKET CHALLENGES

In order for MMRMA to provide the necessary limits of coverage to members, reinsurance is essential. Every year, the executive team works closely with our reinsurance intermediary to secure the necessary reinsurance partners and policies.

While MMRMA enjoys long-term relationships with many of its reinsurance partners, social, economic, legislative, and judicial conditions have led to a hardening market over the past several years. Some partner firms have new personnel and changing appetites for public

entity business. Their concerns include catastrophic weather events in the property market and range from data breach to law enforcement in the liability market.

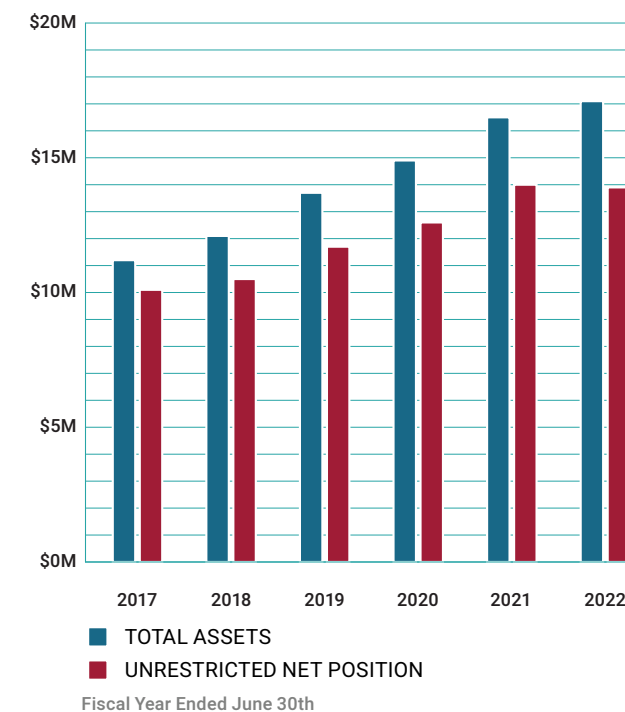
MMRMA's reputation and performance has allowed us to secure reinsurance to meet our needs in FY 2022. Our team continues to research options, seek new partners, and identify innovative solutions to better diversify the program and protect the interests of the organization and the membership going forward.

## A CAPTIVE SOLUTION

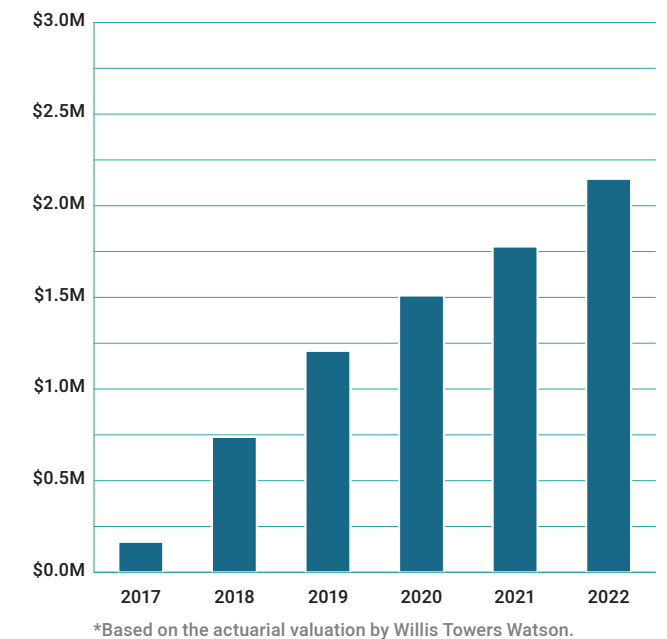
The recent reinsurance climate shines a light on the value of MMRMA's wholly owned captive, Greenstone Insurance Company, LLC, which was formed in 2016. In FY 2022, Greenstone participated in MMRMA's casualty reinsurance program and in the aggregate reinsurance layer for our data breach and property liability coverage.

Greenstone also serves as a vehicle to provide alternative products and coverages, such as tax collection bonds for MMRMA's County members. The Greenstone Board of Managers is made up of five members of MMRMA's Board of Directors, and they continue to seek innovative ways to leverage the captive for the benefit of the membership.

### Greenstone Total Assets and Unrestricted Net Position



### Greenstone Claim Loss Reserve History\*







# Linked through Leadership

## YOUR BOARD OF DIRECTORS

Strong organizations require strong leaders. MMRMA has thrived for 42 years under the stewardship of its Board of Directors.

These ten individuals are members first. They are elected by their peers in the membership and entrusted to represent those members' interests as they lead MMRMA. Together, they bring a wealth of experiences, knowledge, and commitment to the table, month in and month out, for their fellow members' benefit.

## GOVERNING WITH INTENTION

In accordance with MMRMA's member-driven governance model, the Board of Directors establishes the policy and strategic priorities for the organization. Those policies and priorities, in turn, serve as the road map, guiding the Executive Director, management team, and staff as they conduct operations in accordance with the Board's vision.

In these pages, we highlighted some of the Board's strategic priorities in FY 2022. While some have remained on the list for a number of years, they are anything but static. The Board and management team conduct comprehensive strategic planning exercises each September and revisit these discussions frequently throughout the year, evaluating the progress of the initiatives with which MMRMA realizes its mission. The Board does not rest on past successes; they are constantly seeking new ways to improve the organization and its service to the Michigan public entities fortunate to be MMRMA members.



**Michael Bosanac**  
**CHAIRMAN**  
Monroe County



**Fabian Knizacky**  
**VICE CHAIRMAN**  
Mason County



**William Wild**  
**SECRETARY**  
City of Westland



**Richard Burke**  
City of Ishpeming



**Curtis Holt**  
City of Wyoming



**Douglas Johnson**  
Otsego County



**Jeffery Lawson**  
Cheboygan County



**Maureen Miller Brosnan**  
City of Livonia



**Michael Sedlak**  
Green Oak Township

## STRENGTH OF PURPOSE

This approach galvanizes the strength, creativity, and innovative spirit of the entire MMRMA family – Board, committees, staff, and business partners.



**Leon Wright**  
Van Buren Township



**Michael Rhyner**  
**EXECUTIVE DIRECTOR**  
MMRMA

It puts those assets to work, day in and day out, for the collective benefit of the membership. It ensures that the many interactive, cooperative gears driving MMRMA remain *Stronger Together* in the years and decades ahead.



# Financial Information

## CLAIMS FILED BY LINES OF COVERAGE \*

	2017	2018	2019	2020	2021	2022
Auto Liability	333	399	404	331	203	294
Auto Physical Damage	671	745	749	720	667	965
General Liability**	1,215	1,099	1,101	895	1,068	3,131
Property	387	410	420	406	387	491
Data Breach	-	4	7	5	11	23
TOTAL	2,606	2,657	2,681	2,357	2,150	4,764

\* Not including litigated and notice only claims.

\*\* Also includes law enforcement, public officials, and sewer claims.

## LITIGATED CLAIMS

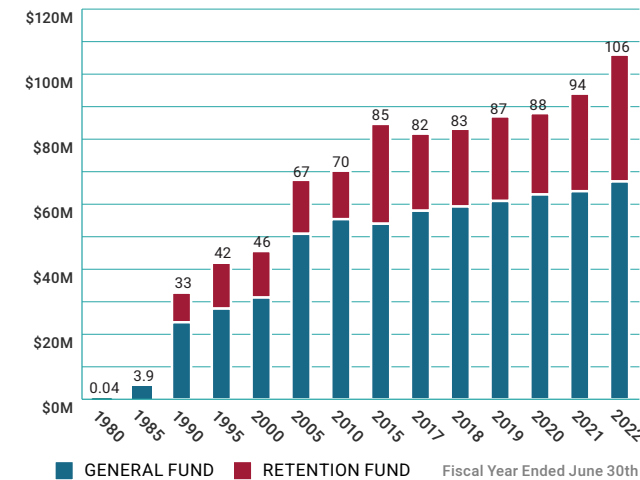
	2017	2018	2019	2020	2021	2022
Files Opened	275	289	389	355	437	358
Files Closed	297	326	329	288	283	359

## FINANCIAL HIGHLIGHTS

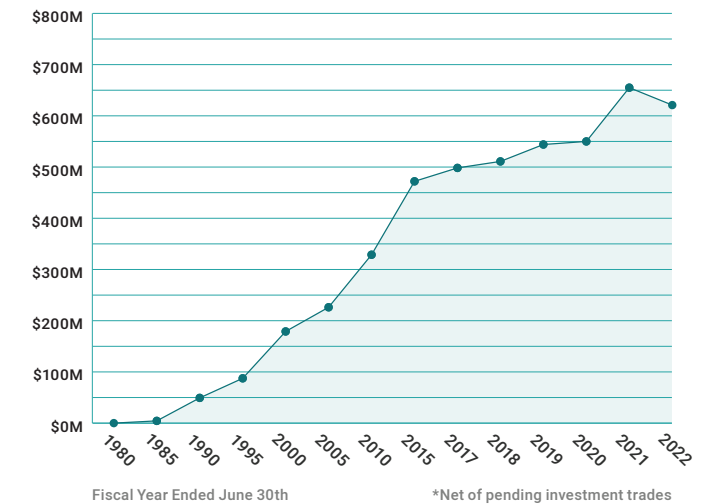
	2017	2018	2019	2020	2021	2022
<b>Member Contributions</b> General Fund and Retention Fund - Gross	\$ 81,646,595	\$ 83,216,449	\$ 86,633,655	\$ 87,622,429	\$ 94,309,405	\$ 105,655,418
<b>Claims and Claim Adjustment Expenses Paid</b> General Fund and Retention Fund - Gross	\$ 34,674,572	\$ 35,112,562	\$ 34,014,063	\$ 32,999,306	\$ 45,219,255	\$ 49,779,038
<b>Net Asset Distributions to Members</b>	\$ 23,749,971	\$ 29,000,000	\$ 28,000,000	\$ 33,575,603	\$ 23,097,364	\$ 33,544,857
<b>Cash and Investments</b> At fair market value (net of pending trades)	\$ 498,294,239	\$ 510,924,977	\$ 544,067,450	\$ 550,016,229	\$ 655,206,648	\$ 623,198,974
<b>Investment Income (Loss)</b> Includes realized and unrealized gains/losses, interest, dividends, change in investment in Greenstone, and other income	\$ 28,630,398	\$ 25,453,301	\$ 37,107,020	\$ 11,042,883	\$ 109,085,701	\$ (37,007,695)
<b>Reserves for Claims and Claim Adjustment Expenses</b> Reported and IBNR	\$ 66,296,258	\$ 65,425,821	\$ 64,748,916	\$ 71,847,448	\$ 71,589,188	\$ 72,464,964
<b>NET POSITION</b>						
<b>Net Investment in Capital Assets</b>	\$ 3,294,151	\$ 3,070,857	\$ 2,602,056	\$ 1,887,656	\$ 2,071,990	\$ 2,164,930
<b>Unrestricted Assets</b>	\$ 313,080,265	\$ 324,245,522	\$ 347,908,274	\$ 333,529,760	\$ 431,773,700	\$ 378,809,290
<b>Total</b>	\$ 316,374,416	\$ 327,316,379	\$ 350,510,330	\$ 335,417,416	\$ 433,845,690	\$ 380,974,220

## Member Contributions History

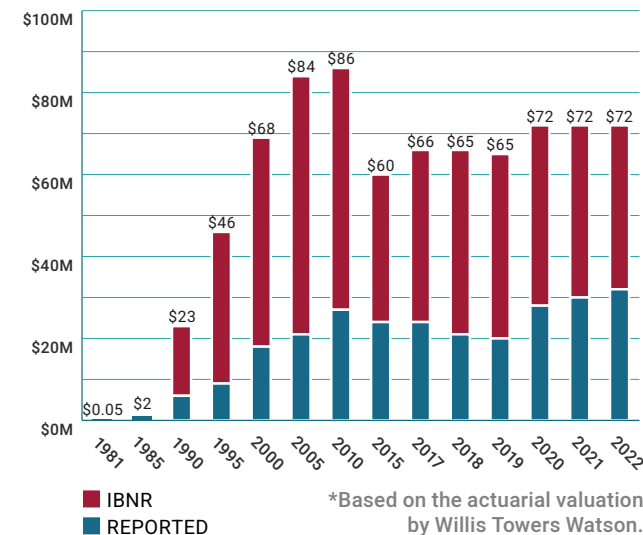
General Fund and Retention Fund



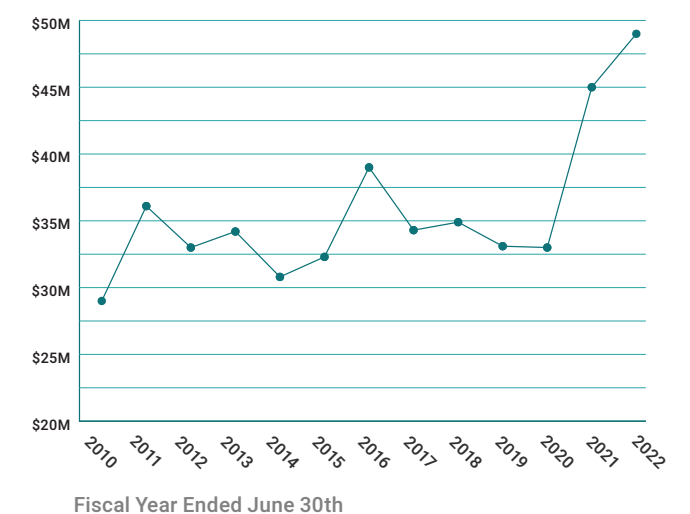
## Cash and Investments History\*



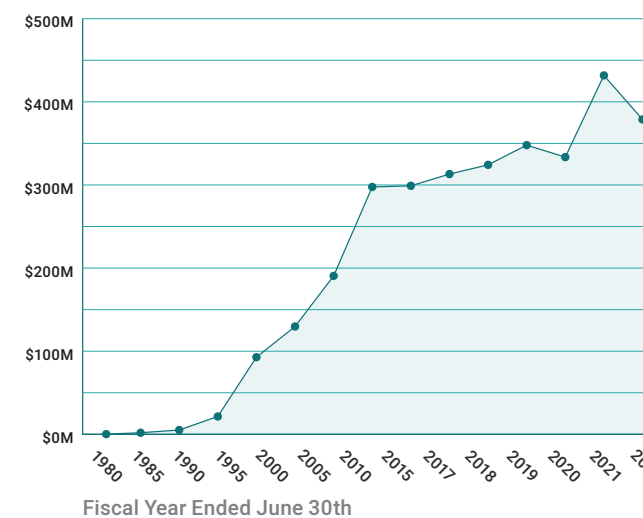
## General Fund Claim Loss Reserve History\*



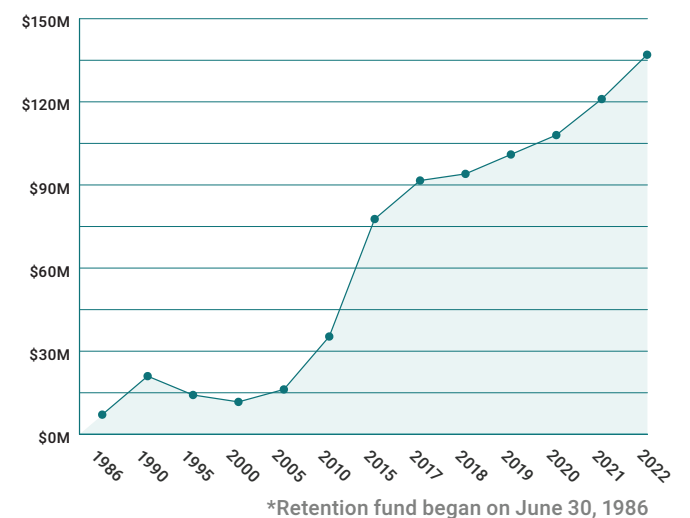
## Claims and Claim Adjustment Expenses Paid History



## Unrestricted Net Position



## Retention Fund Balance History\*







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

**Michigan Municipal Risk Management Authority**

14001 Merriman Road  
Livonia, Michigan 48154

Phone: 734.513.0300  
Toll Free: 800.243.1324

