

THE RISK JOURNAL

A PUBLICATION FOR MMRMA MEMBERS

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PROPERTY RISK MANAGEMENT, PART 1

Overview of Managing Risks Related to Member Property

by Stephen Tobler, Senior Risk Control Consultant, and Cindy C. King, Director of Membership Services and Human Resources

AMONG MMRMA'S HIGHEST exposures—and potentially most costly risks—are those associated with member-owned property. These risks include losses from property damage due to vandalism, fire, or weather-related events.

To help mitigate one form of high-exposure property risk, MMRMA developed two new standard RAP grants to partially fund equipment to prevent water-related damage in member facilities. One grant provides funding for water leak detection systems and the other for automatic water shutoff devices.

This article kicks off a new series of *Risk Journal* articles that will outline various approaches members can take to protect their property and address this area of risk.



The public expects MMRMA member-owned properties to be safe and well-maintained.

High value, high profile
MMRMA's total insured value of member property exceeds \$20 billion. In 2024, MMRMA received 500 property damage claims from members.

MMRMA pays the first \$1.5 million of each property loss occurrence after the member's deductible or self-insured retention (SIR). To save time, disruption, and money, a key priority is to help members prevent these claims from occurring in the first place.

Member property, in most instances, is also the property of the taxpayers who support the construction, maintenance, and preservation of public buildings in their communities. These stakeholders expect members to take steps to

MMRMA insures member property valued at more than \$20 billion.

safeguard these properties, including ongoing maintenance and the repair or replacement of aging HVAC equipment, windows, roofs, and other infrastructure. They expect properties to be safe for them when accessing or attending events at member-owned facilities.

Protecting structures and people

Sound property risk management includes measures aimed at the public's safety and at ensuring the property is in good order. Methods of managing property risks

include ongoing inspections, preventive and ongoing maintenance, proper building security, preparation for responding to emergencies, and proper recordkeeping.

Another important step is to educate employees and communicate to constituents about the merits and expenses related to property preservation and the steps the public entity will take to mitigate risks that can cause property damage.

A proactive approach that includes timely inspections and repairs can greatly reduce or even avoid property claims and business interruptions.

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A robust inspection and maintenance program can also dramatically improve the security profile of an organization, making it less likely to be the target of active shooters.

Acts of nature and beyond

The most common types of property losses our members have experienced over the last several years include those related to snow loads on roofs and water damage from burst pipes or flooding.

In upcoming issues of the *Risk Journal*, this series of articles will provide risk guidance on managing these and other risks, including damage that can come from heavy rains, fires, hail, wind, or vandalism.

We will share best practices to help members prevent risks, such as properly maintaining HVAC, plumbing, and electrical systems. We will also provide guidance on the benefits of smoke detectors, water detection equipment, and access controls and how to safeguard property against acts of vandalism and damage related to political unrest, active shooter incidents, or terrorism.

Winter is still in full swing, and being prepared for inclement weather and adverse conditions is critical. Some readers may recall the blizzard of 1978¹ when 36



Roof collapses due to heavy snow loads and water damage are the most common property losses among MMRMA members.

Advance planning safeguards property against both natural and manmade causes such as vandalism.

inches of snow fell between January 25th and 31st, with wind gusts as high as 60 mph. Some structures could not withstand the impact of this extreme weather event.

The roof of the Summit Lanes Bowling Alley in Jackson collapsed under heavy snow. Several Muskegon businesses, including Meijer, Muskegon Hardware & Supply, American Store Equipment, and Nichols Paper Company all had their roofs collapse as well.

These types of roof collapses have happened to several MMRMA members over the years and could very well occur again without proper preparation.

Maintenance and repairs

Members can also implement practices and preparations to avoid damage from HVAC systems that fail to operate due to overdue repairs or

lack of proper maintenance. When these systems fail, it can lead to frozen or burst pipes or make facilities unsafe for people to enter for work or other activities.

MMRMA's focus is typically on risk prevention first and foremost. This means knowing what the risks or exposures are and recommending that members implement practices and methods *in advance* of adverse weather or other events to avoid or minimize incidents.

Second, once an incident has occurred, it is imperative to have an appropriate response plan in place to mitigate the damage. Doing so will benefit the members as well as MMRMA's team, including our claims professionals.

While members await future installments in this series, we encourage you to access risk resources (see sidebar) already available to logged in users of MMRMA's website, www.mmrma.org, and to seek risk guidance from Membership Services.

MMRMA Resources to Help Members Manage Property Risk

With the assistance of our member subject matter experts who serve on various risk control advisory committees, MMRMA has developed several documents to help members prevent property damage, including:

- **Facility Condition Assessment**
- **Facility Fire Inspection Program**
- **Metal Halide Lighting Safety Tips**
- **Sewer Backup: Guidelines for Risk Management of Fats, Oils and Grease**
- **Snow Load Safety Guide—FEMA**
- **Tips to Prevent Pipes from Freezing and Bursting**
- **Tips for Safely Thawing Frozen Pipes**
- **Winter Safety Tips, Vol. 1 and 2**
- **Winter Weather Checklist**

¹ https://www.mlive.com/news/muskegon/2013/01/lookback_blizzard_of_1978_buri.html

Resources Aim to Help Members Manage a Wide Range of Risks

by Tamara Christie,
Communications Manager

MMRMA HAS PUBLISHED almost a dozen new or updated model policies and risk control bulletins in Fiscal Year 2025. Members with login credentials for mmrma.org can access these resources and more than 200 other documents that provide information and guidance for members to help in the development of policies, procedures, and best practices across their service areas.

Updated Model Guidelines



Mutual Aid: Fire Department Model Agreement

Provides a basic template to help member fire agencies develop practical and workable mutual aid agreements. History has demonstrated the need for Fire/EMS agencies to work together to address incidents which tax the abilities of individual agencies to respond. A key component of any successful mutual aid response is a clear and concise agreement that is adhered to by all participating departments. This document is a comprehensive resource for agencies to build upon.



An updated model guideline deals with safety issues related to mobile climbing walls and inflatable bounce houses.

Playing It Safe: Inflatable Amusement Rides, Climbing Walls

Informs members about the hazards involved with mobile inflatable rides and mobile climbing walls—and the potential for an incident that might result in a claim for damages. The basic guidelines in this safety brochure will help members successfully provide recreational activities while protecting residents and mitigating risk exposure.



Sidewalk Liability Risk Avoidance: Inspection Program and Safety

Presents general guidance to assist MMRMA members with developing a sidewalk inspection and repair/replacement program, which can help reduce the potential for an incident resulting in a claim for damages. Michigan winters bring snow, freezing temperatures, ice, broken water mains, and drastic temperature changes that can

cause sidewalks to rise, break, and/or crumble, leading to potential injuries from trips and falls and, in turn, risk exposure for members.

Technology and Cybersecurity Bulletins

With the assistance and expertise of the member IT professionals who serve on the Technology and Cybersecurity Risk Control Advisory Committee, MMRMA has published a series of short cyber exposure bulletins on these topics in the new year:

Cell Phone Security.

Mobile devices are an important and necessary business tool, allowing public entities to provide services and do so in a timely manner. This bulletin offers suggestions to reduce the potential exposures relating to cell phone use in member entities.

Data Encryption. Local governments handle sensitive data, including personal identifiable information (PII), financial records, and critical infrastructure information. Without proper encryption protocols, these entities

are exposed to several risks. This resource outlines those risks and recommends controls to help mitigate them.

Least Privilege Principle.

The principle of least privilege (PoLP) ensures that users have only the minimum level of access necessary to perform their duties. This document outlines the risks when agencies do not adhere to this principle and how to implement it to strengthen cybersecurity, reduce risks, and comply with regulations.

Employee Response to Ransomware.

This bulletin addresses the ever-increasing risk of ransomware, including signs of a ransomware infection and the critical steps members and their employees must take to respond to the incident and mitigate damages.

Phishing. This widespread form of cyber threat targets individuals, organizations, and government entities. These attacks aim to deceive victims into providing sensitive information such as credentials, financial data, or system

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Each February, Sault Ste. Marie hosts the Soo I-500, billed as the world's most grueling and prestigious snowmobile race. Now in its 55th year, the snowy spectacle draws the sport's top professional drivers, who roar around the 1-mile, high-banked oval ice track at speeds of up to 100 mph.

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The *Risk Journal* is edited by Tamara Christie, Communications Manager, and published six times a year for members of Michigan Municipal Risk Management Authority. We welcome your feedback. To comment or suggest story ideas, please contact Tamara at 734 513-0300, 800 243-1324, or tchristie@mmrma.org.

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2FA on MMRMA Member Portal Protects Data, Credentials

SINCE MMRMA ROLLED OUT 2 Factor Authentication (2FA) on our member portal in October 2024, nearly 700 member employees have activated this protection on their login accounts.

Member employees with portal accounts can access our model policies and risk control bulletins, training calendar, grant applications, and other exclusive benefits of MMRMA membership. If you do not have a user login, you can use your employer email address to request one at mmrma.org/member-sign-up.

Added layer of protection

Requiring 2FA in addition to passwords is good cybersecurity hygiene for organizations of all kinds. We recommend members adopt 2FA for their own systems as an additional layer of security for member data that is sensitive, personal, and/or confidential.

For example, law enforcement departments typically possess Personally Identifiable Information (PII) in their systems, including

** Please note that these are just two popular examples and other authenticator apps are also available. MMRMA staff did not create these apps and we do not endorse any specific product or service.*

individuals' birth dates and driver's license numbers, as well as records on crimes, suspects, and other information not readily available to the public. Health departments and medical care providers may have patients' social security numbers and sensitive medical information.

Portal 2FA specifications

MMRMA requires using a TOTP (6-digit number generator) for 2FA on our portal. Less secure methods, such as voice call or SMS (text) authentication, are not supported.

Most users set up and manage 2FA on their account with a mobile app such as Microsoft Authenticator or Google Authenticator*. Once you set up 2FA on the portal, you will need to refer to the same app for a new code each time you login.

If you have questions or need assistance with the 2FA process or the member portal, email portalhelp@mmrma.org or call 734-513-0300.

Risk Management Resources, continued from page 3

access details. For governments, phishing attacks can disrupt services, compromise data, and undermine trust. This bulletin describes how to identify common types of phishing and ways to reduce the corresponding risks.

Password Managers.

The risks associated with passwords can lead to compromised credentials, increasing vulnerability to security breaches, data exfiltration, and other cyber threats. This bulletin outlines the tools and practices members can use to help reduce exposure related to insufficient password protocols.



The Internet of Things

(IoT). This term describes devices or objects connected to the internet (or private network) to exchange data. IoT might include vending machines, smart lightbulbs, or smart thermostats, among others. IoT has grown exponentially and it is now harder to find non-IoT appliances such as televisions and even refrigerators. This resource outlines the potential risks

of allowing IoT devices on member networks and ways to mitigate these risks.

More resources to come

MMRMA has more publications in the works, including one on the benefits of member agencies switching to .gov domains and another on the importance of developing an AI governance policy.

Contact Membership Services at 734-513-0300 for risk control guidance across local government service functions, including law enforcement, corrections, public services, cybersecurity, administration, parks and recreation, facilities management, fire/EMS, and 911.