



## MEMORANDUM

Date: August 25, 2014

To: Administration Commission  
From: Pamela A. Captain, City Attorney

RE: Cities & Villages Mutual Insurance Company (CVMIC) Update

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As the City of Menasha CVMIC representative, on July 17 and 18, I attended the 2014 CVMIC Professional Development and Training Program. Over the course of the program CVMIC members were provided employment practices training, updates with regard to 2015 insurance products pricing, issue updates (Driver's Privacy Protection Act, Post Act 10 terminations, Cyber Liability Research and Local Government Property Insurance Fund Highlights), member updates, claims update and member feedback discussion.

**INSURANCE RENEWALS.** A copy of CVMIC's renewal calendar is attached. We received a renewal application at the end of July which is due for submission by September 8. Initial projections for the upcoming liability cycle expecting increases of 5-10%. CVMIC is forecasting up to 15% increase with respect to employment practices liability. Although Menasha's worker's compensation experience has been favorable in the last few years (with an experience modification factor of .93 for 2015), overall worker's compensation rates in the market (including excess worker's compensation coverage) are expecting increases from 5-12%. Auto liability in the market has remained stable so a modest increase is expected. Crime/employee dishonesty is initially indicating modest increases from 5-10%. We are in the final year of a 3 year rate guarantee for boiler and machinery coverage. Unfortunately, it appears that market trends will end the ability for us to secure multi-year rate guarantees like we have enjoyed in the past.

**EMPLOYMENT PRACTICES LIABILITY.** CVMIC provided legal updates, presented by Attorney Gregg Gunta, relative to Employment Practices Liabilities Confronting CVMIC Municipalities. Included within this presentation was discussion of various discrimination laws affecting employment practice decisions including: Title VII of the Civil Rights Act of 1964, the Wisconsin Fair Employment Act, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Equal Pay Act, Section 1981 of the Civil Rights Act of 1866 – National Origin and 42 U.S.C. 1983 through 1988. This area of the law has become more complex in recent years.

Claims involving employment practices liability are expected to increase up to 15%. CVMIC recommends more intense training be provided to staff and elected officials pertaining to these issues. These types of claims are very expensive to defend as the going hourly rate for employment lawyers is approximately \$450.00.

**2014 LIABILITY DIVIDEND REPORT.** Attached for your information is correspondence concerning a 2014 liability declared dividend. Historically, when dividends have been declared the City of Menasha has followed Option One with dividends being paid to us on March of the subsequent year. If this is not acceptable a motion is in order to indicate which option is desired. A 2014 auto physical damage dividend has been declared and will be paid to us on March 1, 2015. An attachment is provided for your review.

**2014 MUTUAL MEMBER PARTICIPATION CALCULATION.** Attached.

**REVISIONS TO PROGRAM AGREEMENT, BYLAWS, ARTICLES OF INCORPORATION AND INSURANCE POLICY.** A document entitled "Overview of Proposed Disposition: CVMIC Liability Insurance Coverage Program Agreement" is attached and outlines changes to CVMIC. These updates are necessary pursuant to actual practice changes that have occurred over the years as well as input received through discussions with the Wisconsin Insurance Commission staff. We are in the process of arranging for CVMIC staff to meet with the Administration Committee, likely to occur in October, in an effort to answer questions you have about CVMIC as well as provide some useful information about insurance coverage and risk assessment issues in general. Please submit your questions to me at your earliest convenience so that I can pass them along to CVMIC to ensure they can be fully assessed and answered. Per request of Alderman Taylor, a company background information sheet is provided for your information.

**2015 PREMIUM PROJECTIONS.**

Workers Compensation - \$171,316 with a .93 mod  
Liability - \$53,600 at \$25,000 SIR  
Excess liability- \$1,927 to \$2,019 est  
Employment Practices Liability- \$6,833 to \$7,144 est  
Auto pd- \$18,997 to \$20,897 with a \$1,000 deductible  
Fleet valued at \$5,479,467  
Boiler & Machinery - \$1,067 to \$1,120 est  
Crime- \$551 to \$578 est  
Volunteer policy-\$347 to \$363

**CVMIC/WMIC**  
**RENEWAL CALENDAR January 1, 2015- 2016**

<b>Coverage</b>	Excess Liability, Excess Workers' Compensation, Employment Practices Liability, Excess Auto Physical Damage, Crime and Boiler & Machinery	
<b>Client Contact</b>	Mike DeMoss, Ken Horner & CVMIC/WMIC Members	
<b>Marketing Team</b>	Susan Blankenburg, Mary Chiu, Loann Le	
<b>Policy Effective/Inception Date</b>	01/01/15 to 01/01/16	
	<b>Due Date</b>	<b>Completion Date</b>
<b>Renewal Applications to CVMIC Members and online application rollout</b>	The Week of 07/21/14	
<b>Carrier meetings with CVMIC staff, AGJ team and markets</b>	8/28 & 8/29/14	
<b>Updated Renewal Applications &amp; Loss Data due from CVMIC &amp; Members</b>	09/05/14	
<b>Submissions to Carriers</b>	09/22/14	
<b>Quotes due from Carriers</b>	10/31/14	
<b>Renewal Proposal to Mike DeMoss &amp; Ken Horner</b>	11/16/14	
<b>Board Meeting / Renewal Decision Made</b>	11/19/14	
<b>Binders to CVMIC/Members</b>	12/15/14	
<b>Policies Received from Carriers</b>	03/02/15	
<b>Insurance Policies delivered</b>	04/01/15 Monday	





DATE: July 17, 2014

TO: Ms. Pamela Captain, City of Menasha

FROM: Mike DeMoss, Executive Director  
Ken Horner, Director of Operations

RE: 2014 Liability Dividend Report

The purpose of this letter is to provide information regarding payment of the 2014 liability program dividend. This packet includes the following information:

- 2014 Liability Program Dividend Recommendation.
- Notification of Liability Dividend Declared by the Board of Directors for the Policy Year Ending 12/31/2013. Note: This document includes the amount of the dividend to be paid to your community.

We feel it is important that all members understand the dividend process. This letter will be distributed as part of a presentation at the 2014 Summer Meeting and will be sent via email to all member representatives that do not attend the Summer Meeting. If you have any questions, or if any aspect of the process is unclear, please do not hesitate to ask for clarification.

Background: On May 14, 2014, the CVMIC Board of Directors approved a liability program dividend in the amount of \$1,539,633. This dividend was based upon operating results of the liability program for the period ending 12/31/13 and will be paid on or after March 1, 2015. The attached 2014 Liability Dividend Recommendation outlines the criteria the Board followed in declaring the current dividend. The methodology has changed; please review carefully.

Each member has the option of determining when they receive the dividend payment. A copy of the "Notification of Liability Dividend Declared by the Board of Directors for the Policy Year Ending 12/31/13" form is attached. Please review this form and return it to the CVMIC office no later than November 1, 2014. This form must be signed by the Member Representative, Mayor or other individual with the authority to sign on behalf of your community. If you fail to return the form by the stated deadline, payment will be issued based on Option 1. You are

encouraged to review this form and contact Mike DeMoss or Ken Horner if you have any questions.

At their May 14<sup>th</sup> meeting, the Board approved changes to various documents, including the Articles of Incorporation, Bylaws, Member Responsibilities and Obligations, and Liability Insurance Policy. The Board also voted to eliminate the Liability Program Agreement and approved a change in the way in which liability program dividends are calculated. It is important that you understand these actions. One of the primary goals at the 2014 Summer Meeting is to review these changes and discuss the modified liability dividend calculation. It is important that members understand the methodology used to pay dividends for the liability program. This information will be discussed again at the annual meeting in October. If you have any questions regarding any of these changes or need additional information, do not wait until the annual meeting; please feel free to contact Mike DeMoss or Ken Horner at the CVMIC office, at your convenience.

Michael L. DeMoss, Executive Director

Direct: 414-831-5999

Email: [mld@cvmic.com](mailto:mld@cvmic.com)

Kenneth A. Horner, Director of Operations

Direct: 414-831-6000

Email: [kah@cvmic.com](mailto:kah@cvmic.com)



## City of Menasha

### Notification of Liability Dividend Declared by the Board of Directors for the Policy Year Ending 12/31/13

**The Liability dividend calculation is based on the General Liability, Auto Liability, Excess Liability, Public Official Liability and Law Enforcement Liability Coverage's.**

The Liability dividend paid to your community is based on the financial condition of the company for the year ending 12/31/13. The first 50% of the dividend declared is paid on a level basis, and the balance is based on the loss history of your community. This calculation is reviewed and updated annually, as of December 31st.

**Dividend Authority:** Section 9. Dividends from the by-laws states "The Board of Directors may declare dividends from surplus held in excess of all liabilities. Dividends shall be in such amount as the Board of Directors shall determine is fair and reasonable and shall not be made contingent upon the continuance or renewal of the policy".

**Recommended Dividend:** Staff recommended to the Board of Directors a total dividend of \$1,539,633. This recommendation has been reviewed and approved by the company's actuary prior to the final approval by the Board of Directors. This dividend was approved by the Board of Directors at their May 14<sup>th</sup> 2014 Board of Directors Meeting to be payable March 1, 2015. Your community's share of this declared dividend is \$30,750.00.

**Dividend Options:** As part of this Liability Dividend declared by the Board of Directors, there are three payment options available to your community. The intention of these options is to provide your community with the broadest possible financial choices. These options are outlined below. **We request that the Member Representative sign, date and return this notification to CVMIC by November 1, 2014.** If this form is not returned by 11/1/14, CVMIC will pay the dividend as outlined in Option One. *Note: Option One is the default option if CVMIC has not received this signed form.*

**The City of Menasha has reviewed the dividend options that are available and instructs the CVMIC staff to account for the dividend as marked.**

**Option 1:** \_\_\_\_\_ Pay all dividends to my community on March 1, 2015.

**Option 2:** \_\_\_\_\_ Pay all declared dividends to my community as soon as possible after  
\_\_\_\_\_ (specify date).

**Option 3:** \_\_\_\_\_ Hold all dividends declared until you are provided further instructions. I understand that interest will be paid based on the rate earned by CVMIC on its investments. I further understand that I will get an annual accounting regarding any open balance.

**Accepted and Agreed to This \_\_\_\_\_ day of \_\_\_\_\_, 2014.**

**City of Menasha**

**By** \_\_\_\_\_  
**Name**

**Its** \_\_\_\_\_  
**Title**



## **2014 Auto Physical Damage Dividend Recommendation**

### Background

In 2007 Cities and Villages Mutual Insurance Company (CVMIC) began writing Auto Physical Damage Insurance. During the first two years of the program the loss ratio was much higher than historic averages and no dividend was recommended. During 2010, 2011 and 2012, loss results continued to improve to a point that staff can again recommend a dividend for the 2013 participants of that program that are still members as of the date of declaration.

### 2014 Auto Physical Damage Dividend Recommendation

1. As part of closing of the books at the end of each fiscal year, staff develops an estimate of the funds to be set aside as Dividend's Declared and Unpaid. For the year ending December 31, 2013 it is our recommendation that \$215,000 be set aside for this purpose. This represents the 4th dividend to be paid for this program.
2. The following steps must be completed before the dividend can be declared.
  - a. Completion of the 2013 financial audit by Clifton Larson Allen LLP.
  - b. Actuarial review and approval of reserves shown on the Annual Statement (Bickmore Risk Services).
  - c. Establish a dividend payout calculation that includes a level dividend to be paid to all participants and a loss dividend that will be paid to those members with a loss ratio below 60%. The dividend payout calculation will be reviewed with Bickmore Risk Services and included as a part of their final recommendation to the Board.
3. Bickmore Risk Services has completed their review of the 12-31-13 financial and loss picture of the company. Based on this review they will develop a recommendation for the Board of Directors regarding the Auto Physical Damage Program dividend.

4. These steps were completed and a final dividend recommendation presented for review and approval by the Board of Directors at the May 14, 2014 Board meeting.
5. Following Board approval, management will present the calculation to the membership for the summer meeting detailing each participating member's share of the declared dividend.

APD Dividend Payable to City of Menasha, payable 3/1/15: \$5,873.00

# 2014 Mutual Member Participation Calculation

MENASHA

	Premium-(A)	Claims-(B)	SIR-(C)		
1988	\$73,925	\$0	\$10,000		
1989	\$73,925	\$0	\$10,000		
1990	\$73,925	\$0	\$10,000		
1991	\$39,272	\$43,308	\$17,500		
1992	\$40,341	\$0	\$17,500		
1993	\$41,702	\$7,882	\$17,500		
1994	\$33,749	\$79,552	\$25,000		
1995	\$34,593	\$0	\$25,000		
1996	\$35,458	\$8,140	\$25,000	CVMIC Net Premium-(D)	\$32,030,436
1997	\$37,231	\$0	\$25,000	CVMIC SIR-(E)	\$23,125,000
1998	\$38,162	\$0	\$25,000	Total Assets-(F)	\$48,233,345
1999	\$39,116	\$0	\$25,000		
2000	\$39,767	\$0	\$25,000		
2001	\$40,562	\$0	\$25,000	Total Liabilities-(G)	\$19,248,512
2002	\$41,373	\$55,885	\$25,000	Min Permanent Surplus-(H)	\$14,000,000
2003	\$41,787	\$0	\$25,000	Unencumbered Reserve (I)	\$14,984,833
2004	\$42,832	\$0	\$25,000		
2005	\$43,560	\$0	\$25,000		
2006	\$44,649	\$26,331	\$25,000		
2007	\$47,250	\$0	\$25,000		
2008	\$48,432	\$0	\$25,000		
2009	\$46,623	\$0	\$25,000		
2010	\$47,672	\$0	\$25,000		
2011	\$48,782	\$0	\$25,000		
2012	\$50,002	\$0	\$25,000		
2013	\$50,752	\$0	\$25,000		
<b>Total</b>	<b>\$1,195,442</b>	<b>\$221,098</b>	<b>\$582,500</b>		
<b>Total-10 Years</b>	<b>\$470,554</b>	<b>\$26,331</b>	<b>\$250,000</b>		
	(A-I)	(B-I)	(C-I)		

## Premium Calculation

Member Premium-(A-1)	\$470,554
15% of Claims-(B-2)	\$3,950
Member Net Premium-(J)	\$466,604
CVMIC Net Premium-(D)	\$32,030,436
Percentage-(K)	1.457%

Participation Percentage-(M)

## SIR Calculation

Member SIR-(C-1)	\$250,000
CVMIC SIR-(E)	\$23,125,000
Percentage-(L)	1.081%

1.344%

## Participation Calculation

	Amount	Member Percentage	Mutual Member Position
Unencumbered Reserve	\$14,984,833 (I)	1.344%	(M) \$201,404 (N)

Original Principal Amount-(O)	Principal Retired by CVMIC-(P)
\$1,031,220	\$1,031,220

This is an estimate while every effort has been made to present an accurate calculation. Numbers used in the calculation are subject to change and there may be rounding errors and other discrepancies.

# 2014 Mutual Member Participation Calculation

Board Approved - May 14, 2014 for Member Vote on October 4, 2014

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## MENASHA

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### *Premium Contribution:*

<i>Member Premiums - Most Recent 10 years Summed</i>	\$470,554
<i>Less: 15% of Claims Paid - Most Recent 10 Years Summed</i>	<u>\$3,950</u>
<i>Net Premiums for Member</i>	\$466,604
<i>Net Premiums for Total CVMIC Membership - Most Recent 10 Years Summed</i>	<u>\$32,030,436</u>
<i>Member's % of Total Premiums</i>	1.457%
<i>Weighted Percentage = 70%</i>	70%
<i>Member's % of Total Premiums</i>	1.020%

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### *Risk Sharing / Self Insured Retention Contribution*

<i>Member's Self Insured Retention - Most Recent 10 years Summed</i>	\$250,000
<i>Total CVMIC Membership Self Insured Retention - Most Recent 10 Years Summed</i>	\$23,125,000
<i>Member's % of Total Self Insured Retention</i>	<u>1.081%</u>
<i>Weighted Percentage = 30%</i>	30%
<i>Member's Self Insured Retention Contribution Participation Percentage</i>	0.324%

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### *Members Participation Calculation*

<i>Net Assets (Total Assets less Liabilities and Minimum Permanent Surplus)</i>	\$14,984,833
<i>Member's Participation Percentage (Premium + Self Insured Retention)</i>	1.344%
<i>Member Participation Position</i>	\$201,404

*This is an estimate while every effort has been made to present an accurate calculation. Numbers used in the calculation are subject to change and there may be rounding errors and other discrepancies.*

**Overview of Proposed Disposition:  
CVMIC Liability Insurance Coverage Program Agreement**

CVMIC and its Members entered into this Agreement effective November 1, 1987 for the purpose of governing their relationship, with respect to CVMIC's original liability insurance line of business, outside of the CVMIC articles, bylaws, and insurance policies. The following is an overview of the major provisions of the Agreement and the proposed disposition of each provision in advance of termination of the Agreement.

Provision	Citation	Disposition
Definitions	Article I	The definitions are proposed to be transferred to other documents to the extent that they related to other transferred provisions. The authority to adopt interpretive rulings found in the last paragraph of Article I is proposed to be revised and transferred to Article III Section 9 of the bylaws.
Representations and warranties of Member and CVMIC	2.1(a)-(c), 2.2(a)-(b) and (e)-(g)	These sections are all either obsolete, only relevant to the Program Agreement, or reiterating obligations already required by law, and as such they do not need to be transferred to any other document and are proposed to be eliminated.
Risk Management Guidelines	2.1(d)	The authority to issue risk management guidelines is proposed to be generalized and transferred to Article III Section 10 of the bylaws. The Risk Management Guidelines themselves are proposed to be replaced by Member Guidelines & Obligations.
Prohibition on pledge of CVMIC funds	2.2(c)	This prohibition is proposed to be revised and transferred to Article VI Section 5 of the bylaws.
Equitable exercise of responsibilities	2.2(d)	This provision is proposed to be revised and transferred to Article II Section 8 of the bylaws.
CVMIC agrees to issue and Member agrees to accept liability insurance; CVMIC may issue certain endorsements during policy year subject to restrictions	3.1	The coverage guarantee is adequately covered in the policy and is no longer needed; the authority to issue endorsements is proposed to be transferred to Article VIII Section 2 of the bylaws.
CVMIC will pay claims from the "Claims Payment Fund"	3.2, 3.3	There is no need to identify separate internal accounting funds within any of the organizational documents, so the provisions detailing specific funds are proposed to be eliminated. Article III Section 12 of the bylaws is proposed to be added explicitly to grant the board the authority to establish appropriate accounting practices.
CVMIC must obtain an annual claims audit	3.3	The annual audit requirement is proposed to be revised, generalized, and transferred to Article VI Section 2 of the bylaws.
CVMIC may purchase commercial insurance or reinsurance, with each Member paying their associated Risk Premium Proportion	3.4	The authority to purchase commercial insurance is proposed to be expanded beyond liability insurance, otherwise revised, and transferred to Article VI Section 3 of the bylaws. The provisions relating to Risk Premiums are obsolete, as discussed below in connection with § 4.5.
Term and termination	4.1	This provision is only relevant to the Program Agreement, and is proposed to be eliminated.

<b>Provision</b>	<b>Citation</b>	<b>Disposition</b>
CVMIC agrees to bill on set dates; Member agrees to include such premium in its budget	4.2	This provision is unnecessary, as Members are required under the policy to pay their premiums in order to retain coverage. As such, this provision is proposed to be eliminated.
Member agrees to pay premium regardless of disputes (but only if CVMIC is able to pay claims), and to pay interest on overdue premium	4.3	The prohibition on withholding payment in the event of a dispute is proposed to be revised and transferred to § VIII(H) of the policy. The remainder of the section is unnecessary and is proposed to be eliminated.
Member agrees to pay an "Administrative Premium" for CVMIC administrative expenses	4.4	CVMIC Does not calculate an Administrative Premium, though its actuarially determined premium does include an overhead expense factor; as such, this provision is proposed to be eliminated.
Member's "Risk Premium" is its proportionate share of total risk premium calculated according to specified rules	4.5	CVMIC does not calculate a Risk Premium using this methodology, though CVMIC does calculate premiums with actuarial assistance based on a member's risk profile; as such, this provision is proposed to be eliminated.
CVMIC to calculate "Risk Premium Adjustments" based on adjustment of loss reserves	4.6	Instead of the year-to-year approach set forth in this provision, CVMIC is run as a long-term insurance operation. As such, this provision is obsolete and is proposed to be eliminated.
Payment of premium is due on premium payment date	4.7	This is already an obligation under the policy, and is proposed to be eliminated.
Member entitled to share of CVMIC's surplus upon withdrawal or expulsion	5.1	Because there is no legal foundation for making distributions upon withdrawal or expulsion, this provision is proposed to be eliminated on the advice of counsel and OCI.
Members entitled to share of CVMIC's surplus upon CVMIC dissolution	5.2	This provision is proposed to be revised, generalized and transferred to Article VII of the articles of incorporation. At the suggestion of OCI, the provision has been revised so that a Member's allocable share is based on the Member's premiums and losses over the last 5 years (instead of from the inception of the company), which is the period taken into account under the statute governing conversion of mutuals into stock companies.
Admission of new Members	6.1, 6.2	These provisions are proposed to be transferred to Article II Section 1 Part A of the bylaws and generalized and revised, including to allow applications any time of the year and to replace most of the formalities with a two-thirds vote of the Board.
Withdrawal by Member	6.3	This provision is proposed to be revised and transferred to Article II Section 1 Part B of the bylaws.
Expulsion of Member	6.4	This provision is proposed to be revised and transferred to Article II Section 1 Part C of the bylaws.
Indemnification by Member	7.1	This provision is obsolete and is proposed to be eliminated.
CVMIC disclaims warranty that coverage is adequate	7.2	This provision is proposed to be revised and transferred to Section I of the policy.
No assignment of the Program Agreement	8.1, 8.2, 8.3, Articles IX and XI	These provisions are only relevant to the Program Agreement and are proposed to be eliminated.

<b>Provision</b>	<b>Citation</b>	<b>Disposition</b>
Investment earnings on Claims Payment fund to be distributed to Members	10.1	As noted above, CVMIC no longer segregates funds according to the mechanisms set forth in the Program Agreement. As such, this provision is obsolete and is proposed to be eliminated.



August 25, 2014

<a href="#">Company Background</a>	<a href="#">Training</a>	<a href="#">Loss Control Services</a>	<a href="#">CVMIC Insurance Products</a>	<a href="#">Ask Ken: FAQ</a>	<a href="#">CVMIC Staff</a>	<a href="#">Certificate Request</a>
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## Company Background

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### HISTORY

The Cities and Villages Mutual Insurance Company (CVMIC), incorporated by the Wisconsin Insurance Commissioner on September 14, 1987, was established to provide liability insurance and risk-management services to Wisconsin cities and villages ranging in population from 2,500 to over 100,000. Since its inception, the number of members has grown to 45.

Wisconsin municipalities are granted specific authority under Wisconsin law to organize municipal mutual insurance companies; in fact, that statute, enacted in 1977 by the State Legislature, encouraged the practice in response to major premium increases by commercial liability carriers. However, once the law was passed, the insurance industry went through a particularly "soft" cycle where commercial premiums actually decreased.

That soft cycle hardened abruptly in mid-1984. Municipal liability coverages were either curtailed or canceled altogether, and premiums skyrocketed for what little insurance was available. That constriction caused many communities to evaluate insurance alternatives.

These communities, now members of CVMIC, adopted insurance strategies to achieve budget stability, insurance-rate predictability, stable premiums and a constant high level of insurance protection. CVMIC became Wisconsin's first municipal mutual insurance company providing all lines of liability coverage and the country's fourth fully capitalized municipal mutual insurance company.

### PURPOSE

CVMIC's purpose is not to avoid the commercial insurance market; rather, the program is structured to better utilize commercial reinsurance capabilities. The goal of the program is to reinsure when it is commercially available and economically feasible, and to rely on the self-funded, pooled coverage when it is not. CVMIC, as a financially independent and economically sound insurance company, enjoys direct access to the reinsurance market.

In the initial stages, participants formed an Intergovernmental Cooperation Commission known as the Wisconsin Municipal Insurance Commission. This group was entrusted with accomplishment of two tasks: first, to develop the structure of the Mutual and second, to issue a revenue bond to capitalize the organization. The revenue bonds were (and continue to be) secured by general obligation bonds issued by each member.

### MEMBERSHIP BENEFITS

#### VITAL, RESPONSIVE INSURANCE PROGRAMS

Members enjoy the benefits of cost-effective group purchase insurance programs that address the essential areas of risk experienced by municipalities throughout the state:

#### Self-Insured Municipal Liability Insurance Program

- \$5 million in limits, each and every covered occurrence, annual aggregate of 4 times the members self-insured retention.
- Customized Municipal Liability coverage form.
- Self-Insured Retention options, starting as low as \$10,000 per occurrence.

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- Three-year, guaranteed-cost plan.
- Rates set by actuary. Realistic rates supported by capitalization.

#### Public Entity Excess Liability Program

- For those municipalities wanting higher limits, this program provides excess liability of \$5 million above the \$5 million offered by CVMIC.
- Allows participants to take advantage of group-purchase structure and enjoy low cost effective rates not available individually.

#### Primary and Excess Workers' Compensation Programs

- Provides extremely low group-purchase rates, so members save money over individual purchase plans.
- Leads the industry in dividend programs. Depending on group performance, members can reap large rewards for good experience. (Primary program only).

#### Automobile Physical Damage Program

- Offers \$5 million in per-occurrence limits and four separate deductible options. Members can choose the most cost-effective retention and coverage amounts in accordance with their individual schedules.
- "Replacement Cost" valuation applies to most scheduled vehicles, mobile equipment or specialized equipment. Members can issue eligible items at rates competitive with the Local Government Property Insurance Fund.

#### Boiler & Machinery Program

- Offers a \$50 million per accident limit, and allows members to select individual deductibles.
- Allows participants to take advantage of a group-purchase structure and low, cost-effective rates not available on an individual basis.

#### Special Events Liability Program (TULIP)

- Low cost, convenient, short-term coverage designed specifically for purchase by tenants and users of the city-owned/operated facilities. Protects both sponsors and CVMIC members during concerts, weddings, parades, etc. Small Consultants Public Entity Program (SCOPE)
- Low cost, short-term coverage designed to provide professional liability (errors & omissions) for small firms (minority or women's businesses,) etc., providing service to the CVMIC members.

#### Employment Practices Liability Insurance Program

- Offers coverage under one master policy, limits of \$1 million per member with deductible options.
- Participants receive attractive pricing, broad coverage terms and risk management services.

### **SELF-INSURED MUNICIPAL LIABILITY INSURANCE PROGRAM**

CVMIC's Municipal Liability Insurance Program provides comprehensive protection for cities' and villages' legal liabilities by offering third-party loss coverages in critical risk-exposure areas:

- General Liability
- Automobile Liability
- Police Professional Liability
- Public Officials' Errors and Omissions
- Paramedic/EMT (Incidental) Medical Malpractice Liability

The program's structure can be best described as a fully capitalized risk-sharing pool. Each member pays an actuarially determined risk premium for coverage limits of \$5,000,000 excess of its chosen self-insured retention.

CVMIC's program incorporates features that control the ultimate liability of its members. Rather than expecting its members to pay their SIR limits for every occurrence within a policy period, the policy provides an annual aggregate

equal to four times the members self-insured retention. After the aggregate limit has been met the policy will then respond on a first dollar basis.

To further protect CVMIC members' assets, the program is designed to reinsure, most of its exposures to risk, in the higher loss layers with commercial insurers and/or re-insurers. This allows members to enjoy the guaranteed-cost benefits of the commercial marketplace when it makes good financial sense to do so.

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