

**RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS**

FINANCE COMMITTEE
INITIATED BY



JEFFREY S. KUGLITSCH
DRAFTED BY

FINANCE COMMITTEE
SUBMITTED BY

APRIL 11, 2016
DATE DRAFTED

TO TERMINATE COVERAGE WITH THE LOCAL GOVERNMENT INSURANCE FUND AND
TO OBTAIN PROPERTY INSURANCE COVERAGE FROM THE MUNICIPAL PROPERTY
INSURANCE COMPANY (MPIC)

1 WHEREAS, Rock County currently insures the County's property and vehicles through the State
2 of Wisconsin Office of the Commissioner of Insurance, Local Government Property Insurance Fund
3 (LGPIF); and
4

5 WHEREAS, it has become impractical for Rock County to continue to be insured through the
6 Property Fund as it has provided notice that it plans on increasing Rock County's premium by 80% or
7 \$187,721 effective May 27, 2016; and
8

9 WHEREAS, in response to earlier municipal liability insurance crisis various Wisconsin counties
10 and cities banded together to form mutual insurance companies such as the Wisconsin Municipal Mutual
11 Insurance Company (WMMIC); and
12

13 WHEREAS, Rock County joined WMMIC in 2007; and
14

15 WHEREAS, AM Best recently rated WMMIC as **(A-)(excellent)**, and WMMIC now insures
16 Rock County for general liability, cyber liability and public officials errors and omissions liability; and
17

18 WHEREAS, in response to the proposed dissolution of the property fund, WMMIC has partnered
19 with the Cities and Villages Mutual Insurance Corporation (CVMIC) and the League of Wisconsin
20 Municipalities Mutual Insurance Corporation (LWMMI) to create a new insurance company, the
21 Municipal Property Insurance Company (MPIC) which has been authorized by the Office of
22 Commissioner of Insurance to issue insurance policies effective October 1, 2015 and which expects to
23 cover the properties of approximately 400 municipalities; and
24

25 WHEREAS, as of the first of April 2016, MPIC currently has 316 policies in force with \$8.5
26 million in premiums received; and
27

28 WHEREAS, after doing its due diligence, it is evident that MPIC's competitive premiums are the
29 best alternative for Rock County's property insurance in the short term and MPIC's membership structure
30 should provide Rock County with stable property insurance coverage for a longer term; and
31

32 WHEREAS, in order to withdraw from the LGPIF, section 605.21(3), Wis. Stats., requires local
33 municipalities to provide a certified notice (passed by majority vote) to the Office of the Commissioner of
34 Insurance of an intent to leave the property fund.
35

36 NOW, THEREFORE, BE IT RESOLVED, by the Rock County Board of Supervisors in session
37 this 28th day of April, 2016, that pursuant to section 605.21(3), Wis. Stats., that Rock County elects to
38 withdraw from the Local Government Property Insurance Fund, effective 12:01 a.m. May 27, 2016; and
39

40 BE IT FURTHER RESOLVED, that a certified notice of this resolution be sent to the Officer of
41 the Commissioner of Insurance and the appropriate forms be completed; and
42

43 BE IT FURTHER RESOLVED, that Rock County elects to become part of the Municipal
44 Property Insurance Company (MPIC) effective May 27, 2016.

16-4C-012

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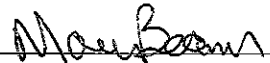
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Respectfully submitted:

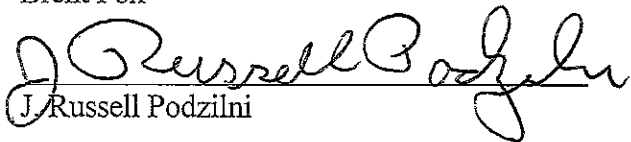
FINANCE COMMITTEE


Mary Mawhinney, Chair


Sandra Kraft, Vice Chair

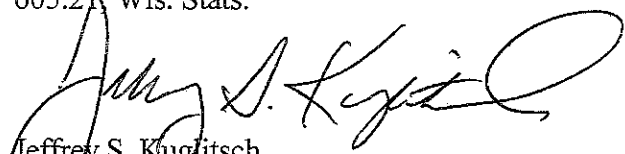

Mary Beaver


Brent Fox



J. Russell Podzilni

LEGAL NOTE:

The County Board is authorized to take this action pursuant to sections 59.01, 59.51, 59.52(11) and 605.21 Wis. Stats.


Jeffrey S. Kuglitsch
Corporation Counsel

ADMINISTRATIVE NOTE:

Recommended.

Josh Smith
County Administrator

FISCAL NOTE:

Sufficient funds are available in the various 2016 departmental budgets for the cost of the MPIC property insurance coverage.


Sherry Oja
Finance Director

Executive Summary

Terminating Coverage with the Local Government Property Insurance Fund (LGPIF) and Obtain Property Insurance Coverage from the Municipal Property Insurance Company (MPIC)

The County has been covered for property insurance (including vehicles) from the Local Government Property Insurance Fund (LGPIF), an entity created by state legislation, for many years. The county's coverage year is based upon a May 27 renewal period and the current 2016 premium is \$234,267.

Last year, a state audit determined that LGPIF was significantly under the insurance reserve levels necessary to maintain long-term resources and resulted in LGPIF needing to dramatically increase premiums. Consequently, several Wisconsin-based insurance entities, including the County's liability carrier – WMMIC, banded together to create a property insurance entity called the Municipal Property Insurance Company or MPIC.

Given the expected major cost increase, the County obtained insurance coverage quotes from entities that have had experience dealing with the public sector in the state, including the current carrier:

Entity	Quote
LGPIF	\$421,988
WI. Counties Mutual Corp.	\$344,497
Municipal Property Insurance Co. (MPIC)	\$269,523

Coverages, deductibles, etc. were reviewed and based upon the above options, it is recommended that the County change property insurance coverage to MPIC and give LGPIF its required notice of cancellation, effective May 27, 2016.