

THE PAR PLAN NEWS

ISSUE 115

DECEMBER 2013



INSIDE THIS ISSUE:

Note from the Chairman	2
Risk Control...Business As Usual	3
2014 MTA Convention Happenings	4



MTPP BOARD OF DIRECTORS

Zone 1

Paul Lehto
Calumet Township
(906) 337-2410

Zone 2

Marvin Besteman, Jr.
Kinross Charter Township
(906) 495-5381

Zone 3

Glen Lile
East Bay Charter Township
(231) 947-8719

Zone 4

Barbara Stevenson, Secretary
Roscommon Township
(989) 422-4116

Zone 5

Don Hilton, Sr., Chairman
Gaines Charter Township
(616) 698-6640

Zone 6

Earl Arnold
Charter Township of Monitor
(989) 751-1551

Zone 7

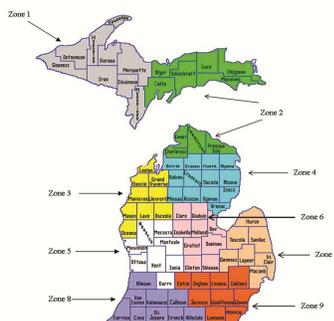
William Walters
City of Brown City
(810) 346-2325

Zone 8

Ronald Reid, Vice Chairman
Kalamazoo Charter Township
(269) 381-8083

Zone 9

William Bamber
Oceola Township
(517) 546-3259



Note from the Chairman's Desk

At the 28th annual meeting of the Michigan Township Participating Plan (Par Plan), it was indeed an honor to be elected as Chairman of the Board of Directors.

It is extremely important to note that of the over 1300 governmental units affiliated with the Par Plan, not all are townships. Member units are made up of townships, fire authorities, sewer/water authorities, villages and cities. The nine member Board of Directors represent all areas of the state by specific zones, and are available to respond to your questions and comments.

One of the program enhancements that I am pleased to have been a part in creating is the grant program. It started with a four member committee looking at ways to further partner with members of the Par Plan. The Risk Reduction grant program was developed to assist to member units with grant funding that can demonstrate a risk reduction technique for an exposure(s) the Par Plan insures. During the last (fourth) grant cycle, nearly one hundred and thirty grant requests were received. Unfortunately, not each applicant qualified for funding. However, eighty did; and in cooperation with those member units, over \$200,000 was granted to help fund requests that ultimately will help members manage their risk exposures. As I am preparing these comments, requests are being accepted for the fifth cycle. The next successful grant recipients will be announced by mail and at the MTA's 61st Annual Educational Conference in January.

I have been Supervisor of Gaines Charter Township for twenty-one years, and have attended the MTA Annual Conference each year. I have also served as MTA President, and have always been impressed with the working relationship between these two great organizations. I trust that cooperation will continue and during the time I serve as Chairman of the Par Plan Board, I will do all I can to continue to foster that relationship.

Don R. Hilton Sr.

Notice of Par Plan Directors Meeting

The January quarterly board of directors meeting of the Michigan Township participating Plan is scheduled for Tuesday, January 28, 2014. This meeting will be held in the Director's Room, first floor at the Grand Traverse Resort at 2:00 p.m.

Par Plan members are invited to attend.

BUSINESS AS USUAL IS BUSINESS AT RISK

Michigan Township Participating Plan Risk Control Services

Every day public entities face risks from large and small occurrences that expose them to risks ranging from catastrophic weather events to slip and fall injuries. The current difficult economy limits the willingness of industry and municipal governments to properly address these risks due to their efforts to control costs wherever possible. Unfortunately, short-term decisions do not always produce the best outcomes. The economic downturn we face has forced cutbacks to personnel and services but one area that any business cannot afford to cut back in is their risk protection. Chances are good that these losses will cost a lot more than the cost of the insurance. Statistics show that during an economic downturn theft in the workplace, liability claims and lawsuits can increase substantially. Consequently, now is the most important time to make sure you are properly covered and consider reviewing and even increasing your current coverage limits or purchasing additional coverage. The reasonable cost of the more appropriate coverage limits or additional coverage to fill a gap in existing coverage can prove to be a wise investment compared to the costs experienced when these losses occur and no provision for covering them has been made.

Today it is exceedingly important to attack risk before it attacks you. As elected officials, you have the responsibility to ensure that you protect your entity, your personnel and the public you serve. In order to do so you must identify and address the risks that face you on a daily basis while operating within your budgets and continuing to provide essential services to your constituents. A solid risk control plan is one of the best ways to make sure your entity is able to meet these challenges if the worst happens. Avoiding and proactively addressing potential risk is an important key. Simply treating your insurance coverage as a risk control plan can be a serious mistake.

On January 5, 2011, the White House National Commission convened to review the BP oil spill and released a final report detailing faults by the companies that led to the BP spill. The report noted three (3) things that could have prevented the spill and/or mitigated its effects: (1) better management of the decision making process, (2) better communication, and (3) effective training. The White House National Commission is referring to the decision making process in the risk management process in their final report.

There are various definitions of Risk Management, but basically it involves assessing your exposures, taking steps to control them, and financing losses with internal and external funds (insurance) by implementing and monitoring the risk management process. The risk management process is a two (2) step process, a managerial process and a decision making process. The managerial process is the process that officials use their managerial skills of planning, leading, organizing and controlling to accomplish risk management objectives through their staff. The decision making process consists of five (5) steps: (1) identifying and (2) analyzing liability exposures, (3) developing procedures to control the exposures, (4) implementing the procedures and (5) continually monitoring the effectiveness of the chosen plan.

Valuable lessons can be learned from catastrophic disasters like the BP spill. According to the White House National Commission, had BP better managed the decision making process by successfully identifying their exposures (all possible exposures), developed procedures to control all possible exposures, communicated the procedures to control all exposures and trained personnel on the procedures to be implemented in the event of a spill, the loss

would not have been as severe. Simply put, knowing your risks provides opportunity to effectively manage them.

Risk or loss control is a conscious action or inaction to reduce the probability, frequency (likelihood), severity (impact) of loss. This is a risk management technique used after you have identified your exposures. Frequency is the likelihood of a loss occurring and severity is the financial impact a loss may have. Before a loss occurs, there are techniques a municipality can implement to control the losses:

Exposure Avoidance: Do not engage in the activity, thereby avoiding the possibility of loss;

Prevention: Measures to reduce the frequency of a loss; alarming a building;

Reduction: Presumes a loss will occur but reduces its severity; fire resistant vaults;

Segregation: Designating an area within a building for a high risk exposure like computer networking system;

Contractual Transfer: Transferring physical, legal and/or financial responsibility to an outside source. This is also a Risk Financing Technique.

Risk Financing is having measures in place to pay for losses after they have occurred. An entity can actively retain losses by using their own money to pay for the losses or can contractually transfer to finance losses to another organization like purchasing insurance.

Risk Mapping is a technique used to help present identified risks and determine what actions should be taken towards handling the risks.

Plotting your losses in the applicable areas above will enable you to determine what action/s should be taken to address the loss. If the losses plotted are in the green areas, you may wish to retain them or have a higher deductible if you insure them. If the losses plotted are in the yellow areas, you may wish to transfer them by purchasing insurance or reduce or prevent them by implementing some risk control techniques described above. If the losses plotted are in the red areas, you should strongly consider engaging in the Risk Control Technique of Exposure Avoidance. In the event Exposure Avoidance is not a viable option then you should consider transferring them by financing/insuring them and implementing the risk control techniques of prevention and reduction mentioned above.

LIKELIHOOD	High	yellow	red	red
	Med	green	yellow	red
	Low	green	green	yellow
		Low	Med	High
		CONSEQUENCE		

In today's economic, political and litigious environment, we can no longer conduct business as usual; we must actively participate in the handling of risks that we face on a daily basis. We must become better managers of the decision making process, become better communicators and become better trainers to our personnel and the public. Risk varies inversely with knowledge; not knowing is bad, but not wanting to know is worse. There are numerous resources available to provide knowledge and to assist your entity with navigating the Risk Management Process to ensure effective management of liability exposures.

Remember:

Risk, it's not the circumstance; it's your reaction to the circumstance.

See you at the MTA 2014 Conference

Michigan Township Participating Plan's Business Solution Session

Standard Operating Procedures for Township Fire Departments

11:30 a.m.—12:30 pm. Room: Peninsula A, Lower Level

Discover essential information for well-designed written fire department policies, and the benefits the policies provide for consistent, comprehensive department operations and training programs. Learn the value that formal standard operating policies offer in protecting the township and department from liability resulting from activities, and their contribution to personnel safety efforts.

Speakers: Michigan Township Participating Plan Risk Control Representatives

Par Plan Beach Party 2014

Wednesday, January 29th, 2014

6-9 pm

Governor's Hall

Lower Level, North Wing

The Michigan Township Participating Plan cordially invites you to join us for a night at the beach, Par Plan style. Dig out your flip flops, clam diggers and tee shirts. Once inside you'll enjoy an "old tyme" day at the beach....complete with food, beverage and boardwalk.

Par Plan News Editorial Staff:

Barbara Stevenson - Roscommon Township,
Roscommon County

Marvin Besteman, Jr. - Kinross Charter
Township, Chippewa County

Glen Lile, East Bay Charter Township,
Grand Traverse County

Rita Evans - MTPP Program Administrator

The Par Plan News is published by the
Michigan Township Participating Plan's
Program Administrator:

Kenrick Corporation
1700 Opdyke Court
Auburn Hills, MI 48326
(248) 371-3100
(248) 371-3069 Fax

All rights reserved.
Although every effort to ensure the accuracy
of information in this newsletter has been
made, professional counsel should be sought
before any action or decision is made based
on material contained herein.

Visit us on the web
www.theparplan.com

Michigan Township Participating Plan
1700 Opdyke Court
Auburn Hills, MI 48326
800-783-1370
248-371-3069 Fax