



## 2024 ANNUAL REPORT

## **ABOUT THE MIAMI VALLEY RISK MANAGEMENT ASSOCIATION**

The Miami Valley Risk Management Association (MVRMA) is a consortium of municipalities acting collectively to address its members' risk management and risk financing needs. Formed under Section 2744.081 of the Ohio Revised Code (ORC), the Association commenced operations in December 1988 with six charter members. Over the years it has expanded to include twenty-one members in the Cincinnati/Dayton metropolitan areas of southwest Ohio. Current members are located within the following counties: Butler, Clinton, Greene, Hamilton, Miami, Montgomery, Shelby and Warren. The total 2020 population of the communities served by MVRMA is 426,948.

## **MISSION STATEMENT**

The mission of the Miami Valley Risk Management Association is to deliver high quality risk management services to its member municipalities in a manner which provides long-term financial stability, minimization of risks and protection of mutual interests.

## **VISION STATEMENT**

The vision of the Miami Valley Risk Management Association is to be the premier property and casualty insurance pool for member municipalities in Ohio.

## Members by Year of Admittance



## MESSAGE FROM THE EXECUTIVE DIRECTOR

MVRMA staff are pleased to offer this 2024 Annual Report to our members and other parties interested in an overview of the Association's activities.

MVRMA experienced another strong year financially. The Association's financial position and performance are summarized in the Condensed Financial Information section below.

Member Refunds: Per pool policy, when all loss year's claims and lawsuits have been resolved, all remaining funds in that year, including interest, are returned to the members. Loss years 2016 and 2019 were closed in 2024. As of December 31, 2024, MVRMA has returned \$27,068,112 to its members since the inception of the pool from the closure of loss years.

Insurance Programs: MVRMA's insurance program includes the following coverages:

"All Risk" Property	EMT & Paramedic Errors &
Automobile Liability	Omissions
Boiler & Machinery	Law Enforcement Errors &
Commercial General Liability	Omissions
Crime	Pollution Liability
Cyber Liability	Public Officials' Errors & Omissions
	Unfair Employment Practices

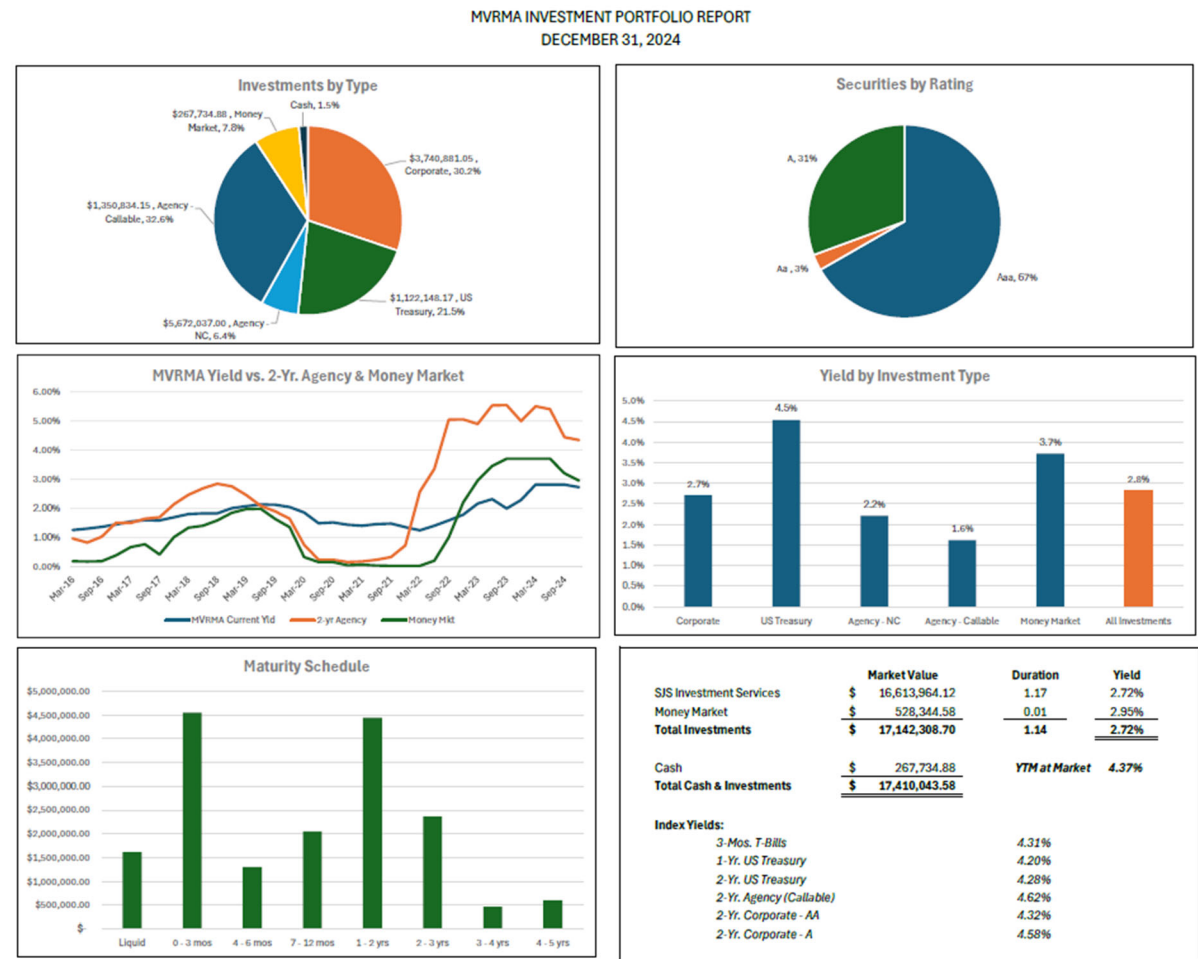
The pool's Liability Coverage Document provides coverage for general liability, auto liability, and public officials' errors and omissions. The \$12 million per-occurrence limit is financed by a combination of self-insurance and reinsurance described more fully below.

The pool's property insurance program was placed with the Alliant Property Insurance Program (APIP) again in 2024. The suite of coverages within the APIP program also includes the base cyber liability coverage and pollution liability. The property market has been hit hard in the last few years by significant weather events triggering rate increases of 17%, 22%, 40%, 15%, and 29% from 2019 to 2023, respectively. The 2024 rates were

more stable providing a 23% rate reduction. We expect 2025 to provide a flat rate renewal.

The impact on MVRMA of the increases in excess insurance and reinsurance is mitigated because the pool’s self-insured retentions (\$500,000 for liability and \$250,000 for property) provide a buffer from the commercial insurance market. Times like these highlight the effectiveness of the pooling concept.

Investment Performance: The primary objective of the pool’s investment policy is preservation of principal. Investments are primarily high-quality corporate bonds, government agency bonds and money market instruments with a seven-year investment horizon. The yield to maturity (YTM) was 4.37% as of December 31, 2024. The pool’s investment yield will tend to lag market increases or decreases in periods of rapid change as its investment maturities are “laddered” to meet expected cash flow needs over a seven-year period. The following charts provide a snapshot of MVRMA’s 2024 investment portfolio performance.



Loss Control: The loss control services available to members are a key differentiator between MVRMA and commercial insurance. Later in this report, we provide an update on the pool's loss control activities.

Board of Trustees: On behalf of staff, I want to thank the MVRMA Board of Trustees for its guidance and its stewardship.

Anyone who would like more information about the information in this report may contact the Executive Director at 937-438-8878 or [mwending@mvrma.com](mailto:mwendling@mvrma.com).

*Mark Wendling*, Executive Director

## CONDENSED FINANCIAL INFORMATION

### The Statement of Net Position

The difference between total assets and total liabilities is reported as “net position.”

The following table presents condensed information on MVRMA’s net position as of December 31, 2024, compared to December 31, 2023.

Condensed Statement of Net Position		
	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$1,613,274	\$1,308,940
Accounts receivable	341,947	254,837
Prepaid expenses	1,148,368	1,198,980
Investments	7,804,320	3,848,807
<b>NONCURRENT ASSETS</b>		
Investments	8,431,145	11,482,310
Net pension asset	1,055	778
Net OPEB asset	15,740	0
Capital assets less depreciation	5,536	7,751
<b>Total assets</b>	<b>19,361,385</b>	<b>18,102,403</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pension	118,188	188,309
Deferred outflows of resources related to OPEB	24,152	37,665
<b>Total deferred outflows of resources</b>	<b>142,340</b>	<b>225,974</b>
<b>CURRENT LIABILITIES</b>		
Unpaid claim losses and loss adjustment expenses	1,941,745	1,347,002
Members' dividends payable	5,983,837	5,569,324
Accounts payable and accrued liabilities	31,475	21,285
<b>Total current liabilities</b>	<b>7,957,057</b>	<b>6,937,611</b>
<b>NONCURRENT LIABILITIES</b>		
Unpaid claim losses and loss adjustment expenses	6,561,070	2,114,641
Net pension liability	379,092	442,214
Net OPEB liability	0	11,356
<b>Total noncurrent liabilities</b>	<b>6,940,162</b>	<b>2,568,211</b>
<b>Total Liabilities</b>	<b>14,897,219</b>	<b>9,505,822</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pension	11,482	35,697
Deferred inflows of resources related to OPEB	9,006	6,170
<b>Total deferred inflows of resources</b>	<b>20,488</b>	<b>41,867</b>
<b>TOTAL NET POSITION</b>		
Invested in capital assets	5,536	7,751
Restricted for pension and OPEB	16,795	778
Unrestricted	4,563,687	8,772,159
<b>Total net position</b>	<b>\$4,586,018</b>	<b>\$8,780,688</b>

MVRMA's primary assets are cash and investments. MVRMA's Cash and Investment Policy permits investment in United States treasury bills, notes, and bonds; bonds, notes, debentures, or any other obligations or securities issued by any federal agency or instrumentality, including government sponsored enterprises; deposits in eligible financial institutions; bonds, notes, or other obligations of the State of Ohio and its political subdivisions; investment grade corporate bonds rated not lower than A2 by Moody's or A by S&P; and STAR-Ohio or other such investment pools operated or managed by the Treasurer of the State of Ohio. The maximum maturity for MVRMA investments is seven years. The policy provides for diversification and other safeguards necessary to meet the primary objective of preservation of principal.

The single largest liability is the liability for net unpaid losses and loss adjustment expenses. This amount is determined annually with the assistance of an outside actuary and reflects the estimated ultimate loss amounts for currently active claims as well as an estimate for incurred but not reported claims as of December 31, 2024.

The liability for members' refunds reflects the funds on deposit in MVRMA's General Reserve Fund (GRF). The General Reserve Fund accounts for surplus funds returned, but not yet paid, to members primarily from the closure of loss years. Members may withdraw their GRF funds within thirty days after the close of a loss year, or in January of each year, or for the payment of a MVRMA invoice at any time during the year. If they wish, members may leave their funds on deposit in the GRF indefinitely. Interest income is allocated to GRF funds.

## The Statement of Revenues, Expenses and Changes in Net Position

This statement reflects operating and non-operating revenue and expenses and how the Association's net position changed during the year.

Operating revenue consists primarily of members' contributions. The major categories of operating expenses are claims and claims adjustment expenses, reinsurance premiums, general and administrative expenses, and dividends to members. Non-operating revenue and expense is primarily related to investment activity.

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating Revenue	<u>\$7,161,333</u>	<u>\$6,461,791</u>
Operating Expenses:		
Incurred claims and claims adjustment expenses	6,352,688	2,526,129
Reinsurance premiums	3,064,578	2,750,180
General and administrative expenses	<u>893,074</u>	<u>925,260</u>
Total Operating Expenses	<u>10,310,340</u>	<u>6,201,569</u>
Operating Income (Loss)	(3,149,007)	260,222
Nonoperating Revenue (Expense):		
Interest income and gains (losses) on investments	697,083	713,923
Members' dividends	<u>(1,742,746)</u>	<u>(1,472,132)</u>
Changes in Net Position	(4,194,670)	(497,987)
Net position, beginning of year	<u>8,780,688</u>	<u>9,278,675</u>
Net position, end of year	<u><u>\$4,586,018</u></u>	<u><u>\$8,780,688</u></u>

Members' contributions accounted for about 95% of operating revenue in 2024. Changes in net position can vary widely from year to year due to fluctuations in incurred claims expense and members' dividends. Fluctuations in claims expense is moderated by the insuring of losses above the pool's self-insured retentions of \$500,000 per occurrence for liability claims and \$250,000 for property claims.

Members' dividends expense is incurred when the Board of Trustees closes a loss year and loss funds are returned. Dividends from loss year closures can be significant and do not necessarily occur each year. Loss Years 28 (2016) and 31 (2019) were closed in 2024.

In 2024 MVRMA experienced a decrease in net position of \$4.2 million. This was due primarily to a significant adjustment in claims reserves and reserving practices.

## **INSURANCE PROGRAM**

**Liability:** MVRMA's liability insurance program offers coverage based on the special needs of its member cities. The MVRMA Board of Trustees has the flexibility to custom design this coverage through the Board-approved MVRMA Liability Coverage Document. The liability program includes General Liability, Auto Liability, Employment Practices Liability, and Public Officials Errors and Omissions coverage. The limit of coverage in 2024 was \$12 million per occurrence. The pool funded the first \$500,000 of each occurrence. Government Entities Mutual (GEM), a reinsurance captive, reinsured the next \$6.5 million excess of the pool's \$500,000 retention. Genesis provided \$5 million excess of \$7 million for the total of \$12 million per occurrence.

**Property:** MVRMA provides property coverage through the Alliant Property Insurance Program (APIP). APIP is the single largest property placement in the world. Lexington Insurance Company is the lead insurer on the program. The policy is "All Risk" providing members the broadest form of coverage. The program includes Commercial Property, Earthquake, Flood, Boiler and Machinery, Auto Physical Damage, Pollution Liability, and Cyber Liability. The pool funds the first \$250,000 of most property claims with APIP picking up coverage above that point up to repair or replacement cost.

**Crime:** MVRMA provides Government Crime Coverage through National Union Fire Insurance Company of Pittsburgh, PA. The plan includes limits of \$2 million per occurrence for employee theft, forgery or alteration, computer fraud, funds transfer fraud and government employee faithful performance of duty. A limit of \$100,000 per occurrence applies to theft of money and securities.

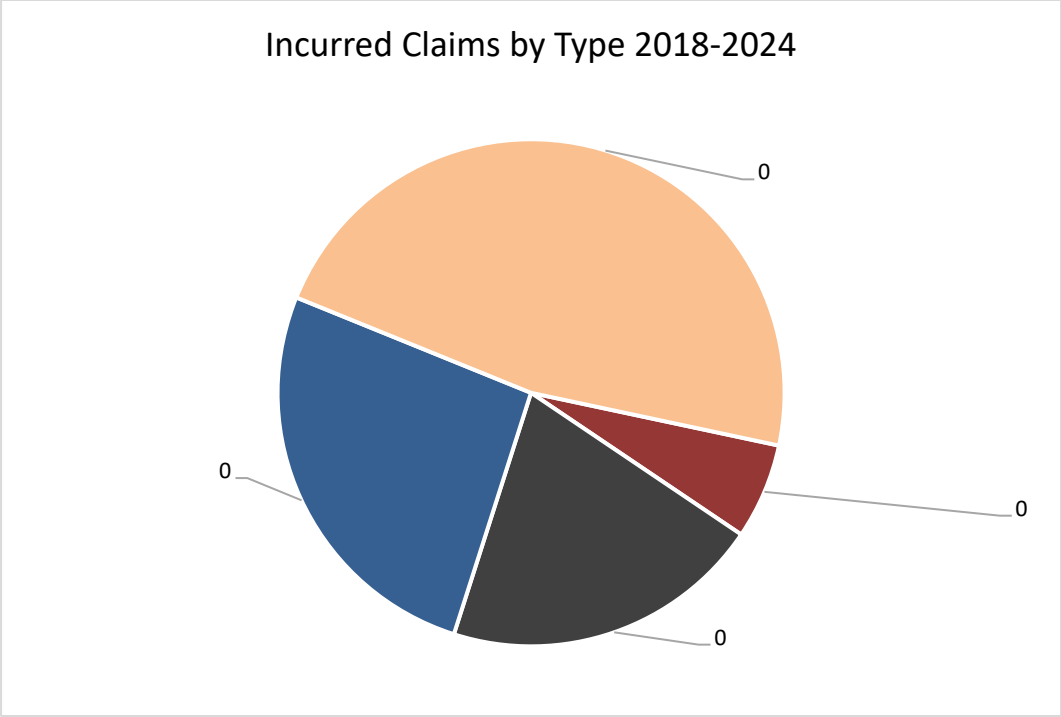
**Position Bonds:** Surety bonds required by charter, ordinance or statutory requirement are provided by MVRMA. Bonds are provided for the required amount except "all employee" bonds are limited to \$2,500 per employee.

## CLAIMS INFORMATION

MVRMA members' claims losses continue to trend well below actuarially expected losses which generally exceed \$2 million per year. The chart below summarizes incurred claims which represent cash claims payments plus outstanding reserves.

Incurred Claims by Loss Year by Type

Loss Year		Auto Liability	Auto Physical Damage	General Liability	Property	Total
2018		\$78,866	\$256,075	\$710,603	\$315,237	\$1,360,781
2019		\$70,113	\$268,422	\$533,244	\$1,016,600	\$1,888,379
2020		\$69,079	\$334,336	\$356,365	\$1,031,707	\$1,791,487
2021		\$120,307	\$339,627	\$218,195	\$623,247	\$1,301,376
2022		\$222,079	\$412,483	\$236,089	\$888,348	\$1,758,999
2023		\$36,353	\$389,899	\$505,283	\$734,506	\$1,666,041
2024		\$100,714	\$433,740	\$450,151	\$1,547,427	\$2,532,032
<b>Annual Average \$</b>		<b>\$99,644</b>	<b>\$347,797</b>	<b>\$429,990</b>	<b>\$879,582</b>	<b>\$1,757,014</b>



**LOSS CONTROL ACTIVITIES**

Training

In 2024, MVRMA sponsored seventeen training programs with a total of 564 attendees. The number of training programs in 2024 was curtailed due to the vacancy in the Loss Control Manager position. Staff continue to analyze loss data to provide relevant training that contributes to lowering both the frequency and severity of losses.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Number of Training Programs	34	57	48	26	41	39	38	17
Number of Participants	640	1,237	757	404	720	986	842	564

The core focus of MVRMA training in 2024 was entry-level driver training (ELDT) CDL training, driver training, heavy equipment training, cyber liability, and leadership/supervisory training.

Highlights include:

- MVRMA collaborated closely with the members providing ELDT CDL training for new employees seeking to obtain their CDL license. In 2024, the program shifted the classroom portion to utilizing the resources that Ohio LTAP provides for local governments in Ohio.
- MVRMA continued the partnership with the Center for Local Government and the Miami Valley Communications Council to offer Leadership Academy and Supervisory training. These programs are designed for any supervisors or employees who may have the potential to become supervisors. The programs are highly rated by the participants.
- MVRMA resurrected the Law Director's Roundtable Discussion in August of 2024. Law directors from 13 member jurisdictions participated in the program, which also included representatives from each of MVRMA's three defense counsel firms.

#### Best Practices

- MVRMA staff conducted annual visits to each member city's Police department to evaluate their practices compared to MVRMA's best practice program. These meetings provide an opportunity for MVRMA staff to discuss claims as well as trends in police risk management with member police representatives.
- MVRMA staff also conducted annual visits to member cities to evaluate all their city departments based on MVRMA's Risk Management Best Practices program. These evaluations allow loss control staff to meet with key employees in each city to discuss claims and share best practices recommendations.

**2024 Board Officers:**

President: John Crowell, City of Montgomery

Vice-President: Tyler Roark, City of Centerville

Treasurer: John Green, City of Tipp City

Secretary: Sandra L. Caudill, MVRMA

**MVRMA Staff Contact Information (2025):**

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