

**OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
BOARD MEETING
March 18, 2024**

Location: Conference Room F @ 9:00 AM

Present: Sign-in sheet attached.

Time Called to Order: _____

PUBLIC COMMENT: Limited to Agenda Items

CONSENT ITEMS:

Approval of March 18, 2024, Agenda.

Insurance Authority Board Minutes for January 15, 2024.

Moved: _____ Supported: _____ Carried Not Carried

INFORMATION ITEMS:

PFM Presentation – Brian Quinn & Michael Barry

ACTION ITEMS:

1. Annual Audit:

Suggested Motion: To approve the Ottawa County Insurance Authority Annual Comprehensive Financial Report for fiscal year 2023.

Moved: _____ Supported: _____ Carried Not Carried

2. Annual Actuarial Report:

Suggested Motion: To approve the Ottawa County Insurance Authority Actuarial Report for fiscal year 2023.

Moved: _____ Supported: _____ Carried Not Carried

3. Appointment of Officer:

Suggested Motion: To approve the appointment of Jon Anderson as Treasurer of the Ottawa County Insurance Authority Board.

Moved: _____ Supported: _____ Carried Not Carried

4. Fifth Third Resolution – Authorized Signers:

Suggested Motion: To approve and authorize the Secretary, Cheryl Clark, to sign the Fifth Third Bank Account Resolution Certificate for Treasury Management Services.

Moved: _____ Supported: _____ Carried Not Carried

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
BOARD MEETING
March 18, 2024

5. Fifth Third Resolution – Banking Services:

Suggested Motion: To approve and authorize the Secretary, Cheryl Clark, to sign the resolution in order to update the signature on the Ottawa County Insurance Authority checks from John Gibbs to the Treasurer, Jon Anderson, per the Ottawa County Bylaws, Article IX – Disbursement of Funds.

Moved: _____ Supported: _____ Carried Not Carried

6. Insurance Renewals:

Suggested Motion: To approve the purchase and payment of insurance as presented for April 1, 2024, to April 1, 2025, not to exceed \$1,300,000.

Moved: _____ Supported: _____ Carried Not Carried

7. Memorandum of Coverage:

Suggested Motion: To approve the Memorandum of Coverage and Rider I effective April 1, 2024, to April 1, 2025.

Moved: _____ Supported: _____ Carried Not Carried

8. Legal Services – Post Ratification:

Suggested Motion: To ratify and approve the Ottawa County Board of Commissioners' request for legal services for Commissioner Jacob Bonnema by outside legal counsel Michael Homier in the case of *Hambley v Ottawa County* and payment of services provided.

Moved: _____ Supported: _____ Carried Not Carried

9. FOIA Officer:

Suggested Motion: To appoint Ottawa County Corporation Counsel as FOIA Officer, as recommended by the Ottawa County Insurance Authority workgroup and per the authority listed in the OCIA Bylaws under Article V, Section 3.

Moved: _____ Supported: _____ Carried Not Carried

10. Closed Session:

Suggested Motion: To go into closed session to consult with the attorneys regarding pending litigation pursuant to OMA section 8(e) and to invite members of the Insurance Authority work group to attend the closed session.

Moved: _____ Supported: _____ Carried Not Carried

**OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
BOARD MEETING
March 18, 2024**

PUBLIC COMMENT:

DISCUSSION ITEMS:

1. Report from Work Group

MISCELLANEOUS ITEMS:

1. Next meeting: May 20, 2024.

ADJOURNMENT

Moved: _____ Supported: _____ Carried Not Carried

Time: _____

**OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
BOARD MEETING
March 18, 2024**

Board Sign in Form

Gretchen Cosby _____

Sylvia Rhodea _____

Joe Moss _____

Jon Anderson _____

Cheryl Clark _____

Gary Rosema _____

Guests:

Ken Bush _____

Jack Jordan _____

Karen Karasinski _____

Steve Kempker _____

Doug Van Essen _____

Lanae Monera _____

Sandra Brinks _____

**OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
BOARD
January 15, 2024**

Location: Conference Room D @ 9:00 AM

Present: Sign-in sheet attached.

Time Called to Order: 9:05 AM

PUBLIC COMMENT: Limited to Agenda Items

1. Adrea Hill-Holland Township
2. Dan Zimmer-Port Sheldon Township

CONSENT ITEMS:

Approval of January 15, 2024, Agenda.
Insurance Authority Board Minutes for December 6, 2023.

Moved: Cosby, G. Supported: Rhodea, S. Carried Not Carried

ANNUAL MEETING ITEM:

1. Election of Officers

Suggested Motion: To approve the election of the following slate of Officers/Board Members:

		Moved
Chairperson	<u>Joe Moss</u>	<u>Cosby, G.</u>
Vice-Chairperson	<u>Gretchen Cosby</u>	<u>Moss, J.</u>
Secretary	<u>Cheryl Clark</u>	<u>Moss, J.</u>
Treasurer	<u>John Gibbs</u>	<u>Moss, J.</u>
Director	<u>Gary Rosema</u>	<u>Moss, J.</u>
Director	<u>Sylvia Rhodea</u>	<u>Moss, J.</u>

Moved: Gibbs, J. Supported: Rhodea, S. Carried Not Carried

ACTION ITEMS:

1. Fifth Third Resolution – Authorized Signers:

Suggested Motion: To approve and authorize the Secretary, Cheryl Clark, to sign the Fifth Third Bank Account Resolution Certificate for Treasury Management Services.

Moved: Cosby, G. Supported: Gibbs, J. Carried Not Carried

**OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
BOARD
January 15, 2024**

2. Fifth Third Resolution – Banking Services:

Suggested Motion: To approve and authorize the Secretary, Cheryl Clark, to sign the resolution in order to update the signature on the Ottawa County Insurance Authority checks from Amanda Price to the Chairperson, Joe Moss, per the Ottawa County Bylaws, Article IX – Disbursement of Funds.

Moved: Cosby, G. Supported: Rhodea, S. Carried Not Carried

3. Post Ratification:

Suggested Motion: To ratify and approve the County of Ottawa’s request for legal services provided to the County Clerk/Register of Deeds by outside counsel Plunkett Cooney in the case of Hambley v Ottawa County and payment of services provided.

Moved: Cosby, G. Supported: Gibbs, J. Carried Not Carried

4. Legal Services:

Suggested Motion: To approve the Ottawa County Board of Commissioners’ request to provide legal services to Commissioner Jacob Bonnema by outside legal counsel in the case of Hambley v Ottawa County and payment of services provided.

Sylvia Rhodea moved to amend the wording of the motion as follows: To approve the Ottawa County Board of Commissioners’ request (contingent on approval by the Board of Commissioners) to provide legal services to Commissioner Jacob Bonnema by outside legal counsel in the evidentiary hearing which is currently scheduled for 1/19/2024 in the case of Hambley v Ottawa County and payment of services provided.

Sylvia Rhodea withdrew the motion to amend.

Motion: Table the Legal Services Motion for future meeting.

Moved: Clark, C. Supported: Rhodea, S. Carried Not Carried

5. Closed Session:

Suggested Motion: To go into closed session to consult with the attorneys regarding pending litigation pursuant to OMA section 8(e).

Moved: Rhodea, S. Supported: Gibbs, J. Carried Not Carried

Roll call vote at 9:50 AM: Yeas: Gretchen Cosby, Sylvia Rhodea, Joe Moss, John Gibbs, Gary Rosema, Cheryl Clark (6). Nays: None (0)

Board entered Closed Session.

Board returned from Closed Session.

**OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
BOARD
January 15, 2024**

PUBLIC COMMENT:

None

DISCUSSION ITEMS:

1. Report from Work Group Chairperson
2. Discuss Executive Committee as allowed by Bylaws. Resolution to be reviewed and discussed at future meeting.

MISCELLANEOUS ITEMS:

1. Board Members to sign Conflict of Interest.
2. Board Member to complete W-9.
3. Next meeting: March 18, 2024.
4. 2024 Board Meeting Schedule attached.

ADJOURNMENT

Moved: Rhodea, S. Supported: Cosby, G.

Carried Not Carried

Time: 10:25 AM

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY

BOARD

January 15, 2024

Board Sign in Form

Gretchen Cosby

Gretchen Cosby

Sylvia Rhodea

Sylvia Rhodea

Joe Moss

Joe Moss

John Gibbs

John Gibbs

Cheryl Clark

Cheryl Clark

Gary Rosema

Gary Rosema

Guests:

Ken Bush

Ken Bush

Jack Jordan

Teams

Karen Karasinski

Karen Karasinski

Steve Kempker

Steve Kempker

Doug Van Essen

Doug Van Essen

Lanae Monera

Lanae Monera

Sandra Brinks

Adrea Hill

Adrea Hill

Dan Zimmer

Dan Zimmer

Paul Wetmore

Paul Wetmore



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

January 11, 2024

To the Members of the Board
Ottawa County, Michigan Insurance Authority
West Olive, Michigan

We have audited the financial statements of the Ottawa County, Michigan Insurance Authority (the Authority), a component unit of Ottawa County, Michigan, for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Results

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not change during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the provision for insured and uninsured exposure is based on information provided by the Authority's actuary and attorney, and considers the expected timing of claims payments. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following misstatements detected as a result of audit procedures were corrected by management:

- \$473,710 – adjustment to investments held by JP Morgan and interest income for change in investment fair value

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 11, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as itemized in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory or statistical sections which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Uredaxeld Haefner LLC

January 11, 2024

**STATEMENT OF ACTUARIAL OPINION
REGARDING LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Ottawa County, Michigan Insurance Authority**

IDENTIFICATION

I, Robert W. Van Epps, am a Principal of The Actuarial Advantage, Inc. I am a Fellow of the Casualty Actuarial Society, a Member of the American Academy of Actuaries, and I meet the American Academy of Actuaries qualification standards for rendering this Statement of Opinion. I have been retained by the Ottawa County, Michigan Insurance Authority (the Authority) to perform an independent actuarial review of its self-insured liabilities and to provide an Actuarial Statement of Opinion on such liabilities as of September 30, 2023.

The loss and loss adjustment expense reserves are the responsibility of the Authority's management. I provide input to management and the Board of Directors in the reserve setting process. Company management selects the carried reserves. My responsibility is to express an opinion on those reserves based upon my review.

SCOPE

I have examined the reserves listed in Exhibit A, as shown in the Financial Statements of the Authority as prepared for filing with state regulatory officials, as of September 30, 2023, and reviewed information provided to me through the date of this opinion. My examination of the items listed in Exhibit A reflects the Loss Reserve Disclosure items listed in Exhibit B.

In forming my opinion on the loss and allocated loss adjustment expense reserves I relied on data prepared by Myra Ocasio, Assistant Fiscal Services Director with the Authority and by counsel for the Authority. I evaluated that data for reasonableness and consistency. In other respects, my examination included such review of the actuarial assumptions and methods used and such tests of the calculations as I considered necessary.

OPINION

In my opinion the reserves shown in Exhibit A on account of the items identified:

- A. Meet the requirements of the insurance laws of the State of Michigan;
- B. Are consistent with reserves computed in accordance with accepted actuarial standards and principles;
- C. Are adequate for the payment of losses and allocated loss adjustment expenses for losses occurring on or before September 30, 2023 that are covered by the Authority's self-insurance program under the terms of its contracts and agreements

The Opinion rendered above is a "Determination of Reasonable Provision".

The term "adequate for payment of losses and allocated loss adjustment expenses" is used in this opinion for purposes of complying with applicable Michigan statutes. It should be construed to mean that the liabilities referenced above, as established by the Authority, are reasonable based on our actuarial analysis and the use of accepted actuarial principles and standards of practice. It should not be construed as a warranty or guaranty that actual losses and allocated loss adjustment expenses will be less than the established liabilities. Insurance losses are subject to uncertainty and it is possible that actual losses and allocated loss adjustment expenses will vary, perhaps significantly, from the liabilities established by the Authority. My conclusion of adequacy is subject to the conditions and qualifications contained within this Opinion.

Insurance laws and regulations shall at all times take precedence over the actuarial standards and principles. My review was limited to the items noted above and did not include an analysis of any income statement or other balance sheet items. My opinion on the reserves is based on the assumption that all reserves are backed by valid assets, which have suitable scheduled maturities and/or adequate liquidity to meet cash flow requirements.

In evaluating whether the reserves make a reasonable provision for unpaid losses and loss adjustment expenses it is necessary to project future loss and loss expense emergence and payments. Actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. No warranty is expressed or implied that such variance will not occur.

RELEVANT COMMENTS

1. Risk of Material Adverse Deviation

There is inherent uncertainty in all estimates of future losses. There are a number of risk factors that I have identified as exposing the Authority's reserves to significant variability. Specifically, these include: 1) the Authority writes coverages that are subject to unpredictable, large losses. Since the Authority writes a significant amount of occurrence-based policies, large losses may not be reported until well after the end of the policy period and therefore may not be known as of September 30, 2023) the Authority writes a relatively low volume of business. Smaller volumes of business often do not provide enough data to be fully credible; 3) the Authority has had significant environmental claim costs related to a landfill issue, which is ongoing. Environmental claims are subject to a much greater deal of uncertainty regarding ultimate loss payments.

The absence of other risk factors from those listed above does not imply that additional factors will not be identified in the future as having been a significant influence on the Authority's reserve need.

Although the Authority is subject to the risk factors identified above, I believe there is not a significant risk of material adverse deviation in the carried net loss and loss adjustment expense reserves for the reviewed items. For purposes of this opinion, my materiality standard is equal to 10% of statutory surplus (unrestricted net assets), or \$1,967,042. My selection of this materiality standard was driven by the fact that this opinion is prepared for the regulatory review of the Authority. Other measures of materiality might be used for reserves that are being evaluated in a different context.

2. Salvage and Subrogation

The Authority does not reduce its reserves for anticipated salvage and subrogation. My analysis of the reserves has been prepared on the same basis.

3. Discounting of Reserves

The Authority does not discount its loss and loss adjustment expense reserves.

4. Pools and Associations

The Authority represented to us that it does not participate in any voluntary or involuntary pools or associations.

5. Asbestos and Environmental Exposure

The reserve of \$22,036,595 established by the Authority includes a provision of \$8,000,000 as recommended by counsel for the Authority for additional exposure to Environmental Impairment Remediation, including defense costs for non-monetary relief claims. The \$8,000,000 represents the amount recommended for these claims by the Authority's counsel on an undiscounted basis for these uninsured exposures.

In my opinion it is reasonable and prudent for the Authority to establish liabilities for such environmental exposures, especially given the Authority's history with the SW Landfill environmental costs and the understanding that there are likely significant future payments to be made to remediate this issue. These lines of business do not lend themselves to traditional actuarial methods and are therefore not actuarially determinable through traditional means. The recommended reserve amount equates to approximately 79 years of payments based on recent annual payments for this exposure. However, the County is aware of likely future payments to be made. Because of the risk involved with this exposure, I believe this is a reasonable "survival ratio" on which to set reserves.

6. Reinsurance

The Authority purchases no reinsurance. Therefore, reinsurance collectability is not an issue.

7. Long Duration Contracts

The Authority writes no policies or contracts related to single or fixed premium policies with coverage periods of thirteen months or greater which are non-cancelable and not subject to premium increase (excluding financial guaranty contracts, mortgage guaranty policies, and surety contracts).

8. Subsequent Events

The Authority informed us of a landscaping/vegetation claim that was reported after September 30, 2023. The claim is expected to result in a loss of over \$150,000. We consider this to be a material subsequent event. As a result, we have recommended the Authority include the \$500,000 reserve recommended by their counsel for landscaping and vegetation related claims. Generally, we would consider this a contingency-type of reserve and would not include it in our recommended reserve indication. However, with the knowledge of the claim reported after September 30, 2023, we are including it this year.

9. Methods and Assumptions

There have been no significant changes in the actuarial assumptions and/or methods from those employed in our analysis of the September 30, 2022 loss and loss adjustment expense reserves.

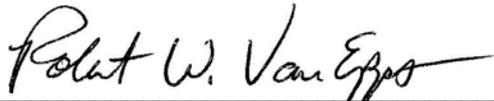
10. COVID-19

The impact of COVID-19 on future claim payments is still highly uncertain. There has been limited COVID-19 impact on the Company to-date. No explicit adjustments were made to our analysis to contemplate the possible impact of COVID-19 on future claims.

SUPPORTING DOCUMENTS AND USAGE

An actuarial report and underlying work papers supporting the findings expressed in this Statement of Actuarial Opinion, will be provided to the Authority by May 30, 2024 to be retained for a period of seven years in the administrative offices of the Company and available for regulatory examination.

This opinion is provided for regulatory purposes only and is not intended for any other purpose.



Robert W. Van Epps, FCAS, MAAA
The Actuarial Advantage, Inc.
706 Northeast Drive, Suite 4
Davidson, NC 28036
(704) 895-9765
rvanepps@taa-inc.com
January 11, 2024

Exhibit A: SCOPE

	Column 1 <u>Amount</u>
<u>Loss Reserves</u>	
1. Reserve for Unpaid Losses and Loss Adjustment Expenses As presented in the Authority's year-end financial statement	\$22,036,595
2. Retroactive Reinsurance Reserve Assumed	\$0
3. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion	None
<u>Premium Reserves</u>	
4. Reserve for Net Unearned Premiums for Long Duration Contracts	\$0
5. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion	None

Exhibit B: DISCLOSURES

<u>Item</u>	<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
1. Name of the Appointed Actuary		Van Epps	Robert	W.
2. The Appointed Actuary's Relationship to the Company. Enter E or C based upon the following: E if an Employee C if a Consultant			C	
3. The Appointed Actuary has the following designation: F if a Fellow of the Casualty Actuarial Society (FCAS) A if an Associate of the Casualty Actuarial Society (ACAS) M if not a member of the Casualty Actuarial Society, but a Member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached Approval letter. O for Other			F	
4. Type of Opinion, as identified in the OPINION paragraph. Enter R, I, E, Q, or N based upon the following: R if Reasonable I if Inadequate or Deficient Provision E if Excessive or Redundant Provision Q if Qualified. Use Q when part of the OPINION is Qualified N if No Opinion			R	
5. Materiality Standard expressed in \$US (Used to Answer Question #6)		\$1,967,042		
6. Are there significant risks that could result in Material Adverse Deviation?		Yes[]	No[X]	Not Applicable[]
7. Statutory Surplus		\$19,670,422		

Important Information about the Purpose of this Document

This AUTHORIZED SIGNER'S RESOLUTION template is intended to identify the individual(s) authorized to take specific actions necessary for carrying out provisions of any such agreement which may include, but is not limited to, communicating, transacting, transferring, buying/selling, and assigning securities and transmitting instructions to Fifth Third Bank, N.A. regarding the investment and/or distribution of assets. The resolution should identify by name, title and signature, the individual(s) transacting on the account(s) with Fifth Third Bank, N.A.

The resolution should be authorized by an individual listed on the CERTIFICATE OF RESOLUTION FOR AUTHORIZATION TO SIGN AGREEMENTS WITH FIFTH THIRD BANK, N.A. (or like document), stating who is authorized to enter into agreements and sign on behalf of the Entity. (Examples of 'CERTIFICATE OF RESOLUTION – like' documents include, but are not limited to partnership agreement, by-laws, corporate resolution, board resolution, etc.)

You may in the future add, subtract, or replace the individual(s) who is/are authorized signers for day-to-day duties by supplying a new AUTHORIZED SIGNER'S RESOLUTION or other applicable documentation to supersede the most recent AUTHORIZED SIGNER'S RESOLUTION.

The United States Electronic Signatures in Global and National Commerce Act, P.L. 106-229 (the "E-Sign Act") applies to the fullest extent possible to this document. The Entity represents, warrants and covenants that the electronic signatures submitted by the Entity to Fifth Third Bank, N.A. on this document are created using software and processes that create valid, enforceable, and effective electronic signatures in compliance with the E-Sign Act and all applicable state laws including applicable Uniform Electronic Transactions Act(s). All questions regarding the validity of the electronic signatures on this document shall be governed by the E-Sign Act or, to the extent applicable, by the laws of the State of Ohio, including the Ohio Uniform Transactions Act, OHIO REV. CODE ANN. § 1306.01-23., et seq.

NOTE: This document is separate and distinct from the CERTIFICATE OF RESOLUTION FOR AUTHORIZATION TO SIGN AGREEMENTS WITH FIFTH THIRD BANK, N.A.. The CERTIFICATE OF RESOLUTION FOR AUTHORIZATION TO SIGN AGREEMENTS WITH FIFTH THIRD BANK, N.A. is required and only identifies the individual(s) who can enter into and execute agreements with Fifth Third Bank, N.A., and appoint others to act on behalf of the Entity.

All contact information must be entered if a name appears in the 'Name, Title' textbox.

For the purposes of this form, the following definitions apply:

- Communication authorization (Com) – individual is authorized to communicate with the bank. Examples include individual can accept call backs to verify money movement instructions, obtain cash balances, obtain position information.
- Trade authorization (Trade) – individual is authorized to purchase or sell securities into or out of the account(s).
- Cash/Asset movement (Cash/Asset) – individual is authorized to instruct the movement of cash and assets in the following manner: account to account transfer (if applicable), wire transfers, checks and ACH transfers and delivery of assets.
- Fifth Third Direct Channel Administrator (Adm) – individual is authorized to act as Channel Administrator with regard to Fifth Third Direct portal activities.

Please retain a copy of the documentation that you supply to Fifth Third Bank, N.A. and this page for your files.

AUTHORIZED SIGNER'S RESOLUTION

Effective _____, 20____, the following individual(s) is/are duly authorized representative(s) of the _____ [Name of Entity] to take all actions necessary to perform day-to-day duties by providing Fifth Third Bank National Association (Fifth Third Bank, N.A.) with direction for the daily administration and operation of the [Name of Entity, Trust or Plan]. The individual(s) listed below may provide information and direction, but not limited to, trust and/or plan, participants, accounts, contributions, investments, trust and/or plan assets, participant loans and distributions. The extent to authorize is further indicated beside each signature. This Resolution supersedes any prior Resolutions or other documentation with respect to providing authorization for day-to-day duties.

If this resolution is for a specific account(s) enter the account title(s) or 14-digit account number(s) on the following line(s). If this resolution is for all accounts within the relationship, leave the following line(s) blank.

Number of signatures required on an Instruction based on the Entity's governing document (Unless otherwise noted, only one signature will be required.):

Name	Title	Email and Phone Number	X ALL THAT APPLY			
			Com	Trade	Cash/Asset	Adm
Joe Moss	Chairperson	jmoss@miottawa.org	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cheryl Clark	Secretary	cclark@miottawa.org 616-994-4503	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Treasurer		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			X ALL THAT APPLY			

Name	Title	Email and Phone Number	Com	Trade	Cash/Asset	Adm
Karen Karasinski	Fiscal Services Director	kkarasinski@miottawa.org 616-738-4849	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sandra Brinks	Budget Audit Analyst	sbrinks@miottawa.org 616-738-4842	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In accordance with the governing resolution for Ottawa County, Michigan Insurance Authority (Entity Name), I/We certify this document is true and correct and that all persons listed on this resolution are authorized to act according to the capacity(ies) identified beside their name, signature and title.

Signature

03/18/24
Date (MM/DD/YYYY)

Cheryl Clark Print Name

Secretary, Ottawa County Michigan Insurance Authority Title

Second Signature if applicable

Signature

Date (MM/DD/YYYY)

Print Name

Title

IMPORTANT INFORMATION ABOUT THIS RESOLUTION

Fifth Third Bank, National Association (Fifth Third Bank, N.A.) has agreed to provide trust, agency, investment management, custodial services, retirement plan, or nonqualified plan services for your "Entity" (Company, Organization, and Governmental), trust and/or plan. The purpose of this CERTIFICATE OF RESOLUTION FOR AUTHORIZATION TO SIGN AGREEMENTS WITH FIFTH THIRD BANK, N.A. is to identify the name(s) and title(s) of the individual(s) who is/are authorized to enter into agreements with Fifth Third Bank, N.A. and may appoint others who can act on behalf of an Entity to provide direction to Fifth Third Bank, N.A. to perform the applicable services identified in the signed agreement.

The resolution should identify by name and title the individual(s) who is/are authorized to sign the applicable agreement(s) and/or document(s) that is/are being entered into between the Entity and Fifth Third Bank, N.A.. You may provide Fifth Third Bank, N.A. with other documentation to identify the individual(s) who is/are authorized to execute an agreement if it includes the relevant information. Examples include, but are not limited to, bylaws, limited liability operating agreements, corporate resolutions, incumbency certificates, board resolutions, applicable sections of board minutes signed by the Corporate Secretary, partnership agreements, and other documents that identify who can sign and execute agreements, etc. Adoption of these documents may be evidenced by a certificate signed by the Corporate Secretary or other officer or authorized individual(s), or by signature of all the members of the adopting Entity. Governmental entities may contain signing authority within their state code, verifiable through the internet.

You may in the future add or replace the individual(s) who is/are authorized to enter into agreements with Fifth Third Bank, N.A. and/or provide direction to Fifth Third Bank, N.A. by supplying a new CERTIFICATE OF RESOLUTION or other applicable documentation to supersede the most recent CERTIFICATE OF RESOLUTION FOR AUTHORIZATION TO SIGN AGREEMENTS WITH FIFTH THIRD BANK, N.A..

The United States Electronic Signatures in Global and National Commerce Act, P.L. 106-229 (the "E-Sign Act") applies to the fullest extent possible to this document. The Entity represents, warrants and covenants that the electronic signatures submitted by the Entity to Fifth Third Bank, N.A. on this document are created using software and processes that create valid, enforceable, and effective electronic signatures in compliance with the E-Sign Act and all applicable state laws including applicable Uniform Electronic Transactions Act(s). All questions regarding the validity of the electronic signatures on this document shall be governed by the E-Sign Act or, to the extent applicable, by the laws of the State of Ohio, including the Ohio Uniform Transactions Act, OHIO REV. CODE ANN. § 1306.01-23., et seq.

NOTE: This CERTIFICATE OF RESOLUTION FOR AUTHORIZATION TO SIGN AGREEMENTS WITH FIFTH THIRD BANK, N.A. is separate and distinct from the AUTHORIZED SIGNER'S RESOLUTION. The AUTHORIZED SIGNER'S RESOLUTION is required and it identifies the individual(s) who can take all actions necessary to perform day-to-day duties by providing Fifth Third Bank, N.A. with direction for the daily administration and operation of the Entity.

Please retain a copy of the documentation that you supply to Fifth Third Bank, N.A. and this page for your files.

CERTIFICATE OF RESOLUTION

For Authorization to Sign Agreements with Fifth Third Bank, National Association (Fifth Third Bank, N.A.)

Effective March 18, 2024, the following individual(s) is/are duly authorized representative(s) of Ottawa County Michigan Insurance Authority [Name of Entity] to enter into and execute the applicable agreement(s) and other documents or instructions with Fifth Third Bank, N.A. as may be required from time to time to provide trust, agency, investment management, custodial services, qualified retirement plan and/or nonqualified plan services for the Ottawa County Michigan Insurance Authority Name of Entity, Trust or Plan]. In addition, individual(s) listed below is/are duly authorized to appoint other individuals to perform day-to-day duties with respect to Fifth Third Bank, N.A.'s services. This Certificate supersedes any prior resolutions or other documentation with respect to providing authorization to sign agreements with Fifth Third Bank, N.A.

Number of signatures required on an Agreement based on the Entity's governing document (Unless otherwise noted, only one signature will be required.):

Name	Title	DOB
Joe Moss	Chairperson	
Cheryl Clark	Secretary	
Jon Anderson	Treasurer	

I, Cheryl Clark (*Name of Person*), Secretary (*Title of Person*) of Ottawa County, Michigan Insurance Authority (*Name of Entity*), a Authority (*Company, Corporation, Organization, Trust or Plan*) duly organized and existing under the laws of the State of Michigan, hereby certify that the above is a true copy of a resolution adopted by the governing body of this Entity at a meeting held on 03/18/24 (*Month/Day/Year*) and that such resolution is now in full force and effect and is pursuant to the Entity's governing documents.

Signature: _____

Name: Cheryl Clark

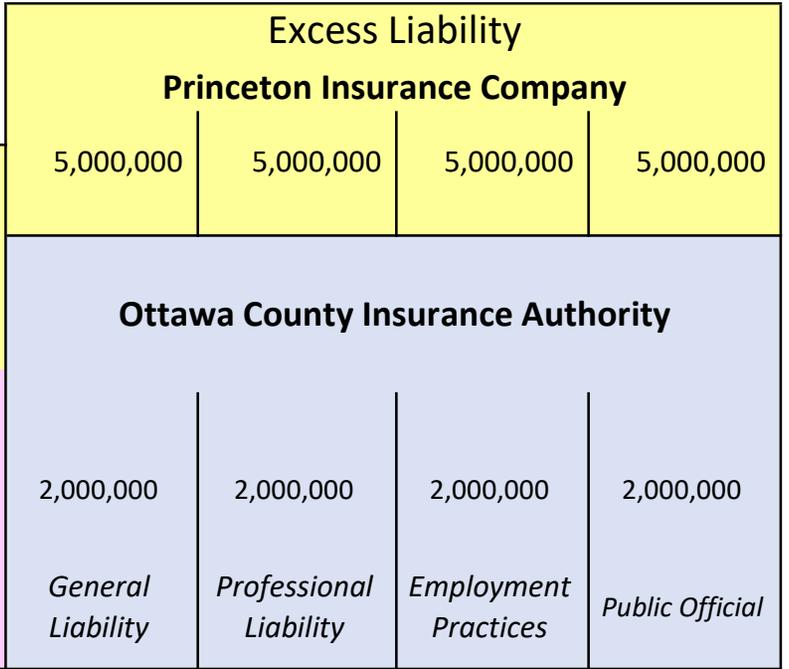
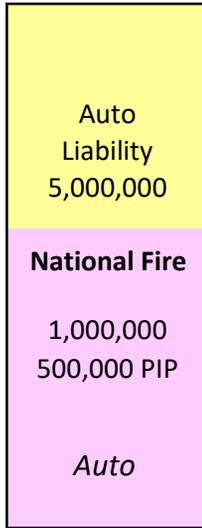
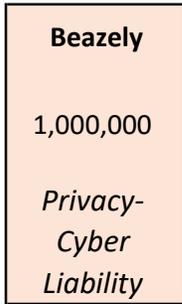
Title: Secretary, Ottawa County Insurance Authority

Date: 03/18/2024

Note: The person providing the above certification cannot authorize themselves as the only authorized signer unless the Entity is a single member limited liability company or sole proprietorship.

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APRIL 1, 2024 - APRIL 1, 2025

RISK FINANCING ANALYSTS, L.L.C.
3014 FAYE DRIVE
PORT HOPE, MI 48468- 9373
RISKFİNANCINGANALYSTS@GMAIL.COM
TELEPHONE: (989) 315- 8031 FACSIMILE: (484) 340- 4963

14 March 2024

Board of Directors
Ottawa County, Michigan Insurance Authority
12220 Fillmore Street
West Olive, Michigan 49460

Dear Directors:

SUBJECT: Commercial Insurance Renewals for 2024-25

The insurance market continues in a “hard” state, although there is some easing in rate increases. Some of our renewals are quite reasonable, not reflecting the general 8% to 10% increases that we generally see in the industry. In fact, the renewal premium for one coverage line has declined. We discuss each proposed renewal, and refer you to a table of proposed renewal premiums on page.

COMMERCIAL PROPERTY

A final renewal proposal has not yet been received, but the underwriter advised our agent that the renewal should be at an increase of 3% for updated values and 3% for changes in rates. Our incumbent insurer, Affiliated FM, has been a good insurer for us, responding appropriately in the few instances when we have had claims. It also has provided prompt loss control advice for specific situations. As a subsidiary of Factory Mutual Insurance Company, Affiliated FM has access to extensive loss prevention research and testing. The proposed renewal does not include the justice center building now under construction. This building will be added to the Authority’s **Property** policy when a certificate of occupancy is received. The estimated renewal premium is about \$166,000, but we recommend that the approval be at \$170,000 in the event that there are any underwriting adjustments.

BUILDERS’ RISK

The justice center building now under construction is insured under a **Builders’ Risk** policy since construction inception in June 2022. The policy, issued by The Hanover Insurance Company, was extended once from its initial 31 December 2023 expiration to 1 April of this year. When the Building Authority determined that a certificate of occupancy would not be received by 1 April, it requested a policy extension until 15 May. The insurer has agreed to this extension, but has not yet provided a premium for this additional coverage period. We estimate that it will not exceed \$4,000.

AUTOMOBILE

The number of insurers willing to cover public entities is quite limited, and the number of insurers willing to cover a substantial fleet of emergency vehicles is even smaller. Our current insurer has offered a renewal option at the same terms and conditions at a \$9,500 reduction in premium; our current limit is \$1,000,000 per accident, with Personal Injury Protection and Property Protection “No-Fault” coverages as required by law.

In 2021, Michigan law regarding Personal Injury Protection medical expense benefits was changed. One of the changes was to allow the selection of a medical expense limit of less than “unlimited.” Another change was how Personal Injury Protection benefits apply to occupants of a covered automobile. The exposure of medical expenses for inmates and guests transported in County-owned autos now is that of Personal Injury Protection coverage available through those persons’ personal auto policies or the state-operated assigned claims fund.

Therefore, the exposure for injury to the occupants of County autos is limited primarily to injury to County officials, officers, and employees. That exposure is further limited in that **Workers’ Disability Compensation** applies first to scope-of-duty auto accidents. Since **Workers’ Compensation** medical expenses are unlimited, there is virtually no situation in which Personal Injury Protection medical benefits would apply to an occupational injury. An overwhelming majority, if not all, collisions involving County-owned autos are scope-of-duty situations, there is almost no medical expense that would be payable by our insurer. In the very unlikely event that there is personal use of a County auto, the County’s health coverage applies to medical expenses in excess of any Personal Injury Protection medical expense insurance.

Our recommendation, therefore, is to renew with National Union Fire of Pittsburgh, PA, at the same Liability limit, but with a Personal Injury Protection medical expense limit of \$500,000. The reduction in premium from the renewal offered on the same terms and conditions is about \$20,300, or \$129,262.

LAWYERS PROFESSIONAL LIABILITY

We purchase from NLADA Mutual essentially “first dollar” **Professional Liability** insurance for the employed indigent defense lawyers. To date, a renewal proposal has not been received. Inasmuch as there has been a claim, and given the current state of the insurance market, we estimate that the renewal premium for the same coverages as are provided by the expiring policy will not be greater than 115% of expiring premium, or \$12,300.

EXCESS LIABILITY

The premium for **Excess Liability** insurance now is the greatest commercial insurance cost for the Authority. The expiring policy, issued by The Princeton Excess and Surplus lines, provides four towers of Liability coverage, each with its own \$5,000,000 limit, General Liability (including Law Enforcement), Automobile Liability, Errors or Omissions Liability (Public Officials or Employment Practices), and Miscellaneous Professional Liability (for employed medical professionals). A \$1,500,000 retained limit applies to each loss.

At the 2022 renewal, the “hard” insurance market was well underway, and our premium for the first \$5,000,000 layer of coverage went from about \$200,000 to nearly \$525,000. The “hard” market continued into the 2023 renewal (and continues today), with another proposed premium increase of over \$60,000. In order to ameliorate the increasing costs, a \$1,500,000 retained limit was chosen. We also engaged a third-party claim administrator to gather loss and reserve information; this engagement accomplished two things: First, the compilation of loss and reserve information by a recognized claim administration firm gives more credibility to our data in the eyes of underwriters. Second, since the claim administrator was engaged to provide data on events which fell within the scope of the **Excess Liability** policy coverage language, our event frequency went down. In prior years, virtually every event, regardless of whether within the scope of excess policy language was reported, which gave underwriters the impression that we had far more potential claims than we actually had.

Unfortunately, underwriters read and watch the news, and the recent happenings in Ottawa County did not escape their attention. It is virtually impossible to control what the news media show, but underwriters were aware of Ottawa County activity. As respects one claim, mostly resolved, it was appropriate to report the matter to the insurer because the loss amount might ultimately have exceeded the reporting threshold, half of the retained limit. Had the event not been reported and had a covered loss exceeded the retained limit, the insurer might well have denied coverage based upon the failure to comply with the policy reporting condition.

Our proposed renewal at the same liability and retained limits is estimated to be about 15% greater for the upcoming coverage year, or about \$597,600, including surplus lines tax; the final proposal has not yet been received. An alternative at a \$2,000,000 retention is estimated to be \$551,450, including tax. We recommend that this option be selected for some of the same reasons that we increased retained limits in the past: A higher retained limit moves the insurer farther from becoming involved in our claims. A \$2,000,000 retained limit is nearly ten times greater than the largest claim which the Insurance Authority has ever paid in its 30-year history; one of the reasons for the Authority’s

formation was to keep insurer involvement in claim defense to a minimum. The premium reduction to move from a \$1,500,000 retained limit to a \$2,000,000 retained limit is over \$46,000.

EXCESS LIABILITY, SECOND LAYER

The Authority has purchased a \$10,000,000 liability limit, previously in a single layer, but more recently in two layers as insurers no longer offered limits greater than \$5,000,000. A renewal proposal was received for \$5,000,000 excess of the first layer \$5,000,000 limits and its \$1,500,000 retained limit at an estimated premium of \$235,750, including surplus lines tax. That premium likely would go down slightly with the increase of the first layer policy retained limit to \$2,000,000.

However, considering that no loss has ever in the Authority's history exceeded the first layer/underlying policy retained limit, and considering that the Authority has excess funds available, including those which now are on deposit with the Michigan state treasurer, we think that it is a worthwhile risk to assume liability in excess of the underlying policy. We therefore recommend that the excess layer not be purchased.

CRIME

A renewal proposal for \$3,000,000 limits of Employee Theft, Computer Fraud, and Funds Transfer Fraud coverages is offered at \$5,167; the Employee Faithful Performance of Duty limit is \$1,000,000, which is the most that virtually any insurer will write for this exposure. A \$100,000 deductible applies. The Travelers coverage form is very broad, and offers some features that other insurers do not. We requested a three-year proposal, but Travelers declined to offer such a proposal. We recommend renewal with Travelers.

PRIVACY-CYBER LIABILITY

Coverage has been provided by Beazley, a premier insurer of these exposures. There are multiple limits provided by the policy: First, the expenses of providing statutorily-required notices of breaches or suspected breaches of personally-identifiable information is covered up to the costs incurred to provide notices to 1,000,000 persons, without dollar limit. Second, the costs of legal, forensic, and public relations expenses related to a breach or suspected breach are covered to \$1,000,000. Third, a policy aggregate limit of \$1,000,000, which does not apply to the two items noted above, covers third-party liability, ransomware, data restoration, and other expenses. While these limits might seem low, the Authority provides excess limits up to its \$30,000,000 coverage year aggregate limit.

The insurer has again offered a renewal proposal at no increase in premium over the past two years, \$55,971. This is quite surprising, since the increase in ransomware demands in 2023 over 2022 has been substantial. It seems likely to us that the next renewal will not be as attractive. This unchanged premium reflects the insurer's confidence in the County's protective software and procedures. We recommend acceptance of the Beazley renewal proposal.

RENEWAL PREMIUM COMPARISON AND RECOMMENDATIONS

Coverage	2023-24 Premiums	Proposed 2024-25 Premiums
Property	\$156,250	Estimated \$170,000
Builders' Risk	6,614 ¹	Estimated 4,000
Automobile	156,024	129,262 ²
Lawyers Professional Liability	10,712	Estimated 12,300
Excess Liability	523,263	Estimated \$551,450 ³
Crime	5,125	5,167
Privacy-Cyber Liability	55,971	55,971
Estimated Total:	\$910,959 ⁴	Estimated \$928,150

Notes:

1. Premium for policy extension to 1 April 2024
2. Premium with unlimited Personal Injury Protection medical expense: \$146,575.
3. Estimated premium with \$1,500,000 retained limit, including surplus lines tax: \$597,600.
4. Initial **Builders' Risk** policy premium of \$37,610 paid in 2022-23 coverage year.

Sincerely yours,

Kenneth Bush, A.R.M., C.P.C.U.
Managing Member

RISK FINANCING ANALYSTS, L.L.C.
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TELEPHONE: (989) 315-8031 FACSIMILE: (484) 340-4963

12 March 2024

Board of Directors
Ottawa County, Michigan Insurance Authority
12220 Fillmore Street, Room 331
West Olive, Michigan 49460-9672

Dear Directors:

SUBJECT: Memorandum of Coverage

The **Memorandum of Coverage** is the document which the Insurance Authority issues to the two Participating Public Entities, the County of Ottawa and the Ottawa County Building Authority. This document is required by law, and is reissued each year because of changes in coverages offered, program administration policies, and limits afforded. The **Memorandum** for the 2024-25 coverage period is included in your meeting packet.

Aside from the changes in dates, there are several other proposed changes of importance. These changes are identified in **red type**, and are described below:

- Sub-Section II.B., Additional Coverages and Coverage Extensions, 6., Exclusions, page 3, is amended by itemizing into separate lettered paragraphs a. through c, without any language change. Paragraph d. is added for the situation where there is loss of or damage to trees or plants, such as Parks experienced when excess water made its way to a Parks property and caused substantial damage to trees. This paragraph excludes damage to such trees and plants, except when caused by a specified peril, and to a \$250,000 limit. In order for this coverage to apply, there must be a minimum of 10 trees or plans which sustain damage. There is an exception for Landscaping Plants, as defined.

Most commercial **Property** policies exclude damage to growing plants, trees, shrubs, or lawns, except for loss by a specified peril, and then to a low sub-limit of \$10,000 or \$25,000. Our **Property** policy excludes loss to standing timber by any peril. The provision specified above is generous by any commercial insurance standards.

- Sub-Section II.B., Additional Coverages and Coverage Extensions, 7., pages 3 and 4, Automobile Uninsured Motorists and Watercraft Uninsured Boaters has been amended to clarify that injury to an occupant of a County-owned watercraft which arises out of a collision caused by another

watercraft operator is covered to the same \$100,000 limit as applicable to Automobile Uninsured Motorists coverage.

- Sub-Section II.B., Additional Coverages and Coverage Extensions, 12., page 5, amends the provision of Authority-selected legal counsel expenses to the actions of formal administrative or formal regulatory proceedings, such as those of the Judicial Tenure Commission. This clarifies the situations in which the Authority will provide such counsel.
- Sub-Section II.C., Definitions, 6., Landscaping Plants, page 8, is added to clarify what plants, shrubs, or trees are covered by exception to Sub-Section II.B.6., Exclusions.
- Section VI., Claims Procedure, has two changes. One is to make reporting requirements uniform as to when such reports are due, which is *promptly*. Prior **Memoranda** required some matters to be reported *promptly* and others to be reported *as soon as practicable*. Uniform language should make this Section easier to understand and to follow.

An additional reporting item, VI.C., requires reporting of events, omissions, *etc.* regardless of whether a claim has been brought. This requirement will give Insurance Authority defense counsel the opportunity to investigate such matters in order to be prepared to defend any claim that might arise. It also allows for the establishment of an incident file to which investigation or other expenses can be associated. Considering that events which occur today might not result in claims until years from now, defense counsel should be afforded the opportunity to gather as much information as it can in the event that claims are brought.

- It is very possible that Section IV., Insurance Purchased and Deductibles/Retentions, will have to be amended at the next meeting of the Insurance Authority Board of Directors. We do not as yet have the first layer **Excess Liability** policy terms, which might require an increase in the retention or other provisions.

Rider 1 continues to cover the situation in which another driver or auto owner is responsible for collision damage to a County auto, but refuses to or cannot pay the required “mini-tort” damages. In such circumstances, the Authority covers the collision loss, the deductible notwithstanding.

Sincerely yours,

Kenneth Bush, A.R.M., C.P.C.U.
Managing Member

MEMORANDUM OF COVERAGE

I. PERIOD OF COVERAGE

This Memorandum, issued by the Ottawa County, Michigan Insurance Authority (“Authority”), covers occurrences, events, injury, damage, errors or omissions that take place during the period of April 1, 2024 at 12:01 a.m., local time, through April 1, 2025 at 12:01 a.m., local time (“Coverage Period”). This Memorandum also covers certain claims which are brought during the Coverage Period and which are covered by an Additional Coverage and Coverage Extension, Section II.B., identified as “Claims-Made.”

II. A. COVERAGE PROVISION

For occurrences, events, injury, damage, errors, omissions, or claims, subject to the provisions of Section I, the Authority will assume responsibility to the Entities the following coverages:

Coverage
Real and Personal Property Direct Damage, Extra Expense, and Business Income Excess Employers’ Liability
Bodily Injury, Property Damage, Personal Injury, Advertising Injury, Employee Benefits Errors or Omissions, Other Errors or Omissions Liability
Automobile Bodily Injury and Property Damage Liability
Automobile Uninsured/Underinsured Motorists
Watercraft Uninsured Boaters
Michigan Personal Injury Protection
Michigan Property Protection
Automobile and Boat Physical Damage
Public Employee Theft and Faithful Performance of Duty
Computer Theft/Electronic Funds Transfer Fraud/Forgery or Alteration/Loss of Money and Securities/Money Orders and Counterfeit Money/Social Engineering Fraud
Privacy and Electronic Information Liability

The Authority may purchase insurance as described in Section IV. to satisfy all or any portion of its obligations above.

The Authority’s responsibility for any loss covered within the Coverage Period shall not exceed any limits specified in Sub-Section B., Additional Coverages & Coverage Extensions, or an aggregate limit per Coverage Period of \$30,000,000. This limitation shall not apply to loss resulting from direct damage to Real or Personal Property or to Automobile or Boat Physical Damage. Further, this limitation shall not apply to any amounts paid to or on behalf of the Entities. Recoveries for loss, damage, or injury received by the Entities shall be applied so as to reinstate this limit to the extent of such recoveries.

The coverage provided by the Authority is subject to the same exclusions, limitations, and restrictions as the insurance policies which the Authority purchases, except as respects limits, and except as specifically provided in Additional Coverages & Coverage Extensions included in Section II.B. and Riders attached to this Memorandum.

The Authority's responsibility for any loss arising out of the acts, errors, or omissions of any volunteer medical or dental provider is limited to \$100,000. This amount is part of, not in addition to, the Authority's \$30,000,000 limit for any covered loss.

B. ADDITIONAL COVERAGES & COVERAGE EXTENSIONS

1. Remediation—"Claims-Made"

Pursuant to Sections I and II of this **Memorandum**, coverage for Remediation is added. This Additional Coverage applies to claims made during the Coverage Period.

2. Automobile and Watercraft Physical Damage

Pursuant to Sections I and II of this **Memorandum**, coverage for physical damage to and emergency road service required by automobiles or watercraft owned or hired by the Entities ("Covered Automobiles") is added. Loss to Covered Automobiles, which results from sudden, accidental events, is covered to the lesser of the cost of repairs or the cost of replacement, less any salvage amount received. Emergency road service benefits will be the amount charged by the County-selected emergency road service provider.

A Collision loss deductible of \$3,000 shall apply to each Covered Automobile. No deductible shall apply to physical damage to watercraft.

3. Michigan Special Tort Liability

Pursuant to Sections I and II of this **Memorandum**, coverage for property damage liability arising out of a collision in Michigan of an automobile owned or hired by the Entities is added. The limit payable per loss is the lesser of \$3,000 or the uninsured damages.

4. Interruption of Incoming Services

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to cover physical damage to or loss of property owned by the Entities and extra expense or loss of income incurred by the Entities caused directly by the whole or partial lack of the incoming utility services, by reason of accidental occurrence to the facilities of the suppliers of the utility services. The occurrence must result from a peril insured against by the real and personal property insurance policy purchased by the Authority.

5. Deductibles

Pursuant to Sections I and II of this **Memorandum**, coverage is added for all deductibles or retentions incurred by the Entities under the policies purchased by the Authority pursuant to Section IV. of this **Memorandum**. However, this Section does not extend coverage to personal property owned by Covered Persons, unless any of the Entities is legally liable for damage to or loss of such personal property or such personal property is damaged or destroyed concurrently with real and/or personal property owned by any of the Entities, and covered damage to Entity's(ies') property exceeds the applicable deductible.

6. Exclusions

a. Pursuant to Sections I and II of this Memorandum, coverage is excluded if the defense is provided or loss covered by other casualty, property, or surety insurance purchased for the Entities pursuant to Section IV or by any of the Entities.

b. Pursuant to Sections I and II of this **Memorandum**, coverage is added for any occurrence, accident, or public official's errors or omission, which would otherwise be covered by a property, casualty, or surety insurance policy, purchased for any of the Entities pursuant to Section IV or by any of the Entities, but which is excluded due to a specific exclusion in any such policy. "Occurrence," "accident," and "public official's errors or omissions" as used herein shall have the same definitions as stated in the insurance policies purchased pursuant to Section IV of this Memorandum or by any of the Entities.

c. Pursuant to Sections I and II of this **Memorandum**, coverage is added for any direct physical loss or damage to real or personal property of the Entities to the extent such loss or damage is to the type of real property or building which is excluded by the property insurance policy purchased for the Entities pursuant to Section IV of this Memorandum.

d. Sections II.B.7.a. through II.B.7.c. notwithstanding, coverage for any direct physical loss or damage to trees or plants, other than Landscaping Plants, is limited to \$250,000 per occurrence for loss caused by wind, fire, lightning, hail, aircraft, vandalism, or automobiles. Loss to fewer than 10 trees or plants in any one occurrence is not covered.

7. Automobile Uninsured Motorists and Watercraft Uninsured Boaters

Pursuant to Sections I and II of this **Memorandum**, coverage is added for bodily injury damages sustained by those who occupy vehicles owned or rented by the Entities and who sustain such injury as the result of an accident for which an uninsured motorist or underinsured motorist is 50% or

more at fault. Covered damages are limited to those collectible under Michigan Automobile Residual Liability Insurance, and may be modified by comparative negligence. For the purpose of this Section, an underinsured motorist is a motorist who carries insurance in sufficient limits and types to meet minimum statutory requirements, but who carries insufficient limits to cover the damages for which he/she is responsible.

Pursuant to Sections I and II of this Memorandum, coverage is added for bodily injury damages sustained by those who occupy watercraft owned or rented by the Entities and who sustain bodily injury as the result of an accident for which an uninsured or underinsured watercraft is responsible, as might be modified by comparative negligence.

The maximum payable per person per accident is \$100,000. These amounts are payable in addition to amounts, if any, collected from an at-fault motorist, **at-fault boater**, or other sources including, but not limited to, Workers' Disability Compensation or any salary/wage continuation benefit.

The Authority will make the final determination as to eligibility for and amount of any benefit payable under this Additional Coverage.

8. Casualty

Pursuant to Section I and II of this **Memorandum**, coverage extends to any Casualty.

9. Kidnap/Ransom and Extortion

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to indemnify any of the Entities for loss of ransom monies resulting from any kidnapping or alleged kidnapping of any Covered Person, physical or electronic (including, but not limited to digital) extortion demand, and detention and hijack, in transit/delivery, or through ransomware, including legal liability arising out of any of the foregoing.

The term Covered Person as respects Section II.B.9 is extended to include guests. Coverage for guests is limited to events which occur while a guest is on or about locations owned or operated by any of the Entities, or while in the company of an official, officer, employee, or volunteer of any Entity.

The Authority shall have the right and duty to defend any claim alleging that any one or more of the Entities is/are liable for damages arising out of or in any way related to an event covered by this coverage provision.

If disclosure of information is done by a third party which is required by contract to keep such information confidential, coverage applies in excess of insurance and/or indemnity provided by that third party.

Coverage is also extended to include fines, penalties, and notification expenses.

Any event which might be covered under this coverage provision shall be promptly reported to an appropriate law enforcement agency.

Knowledge of the existence of this coverage provision shall be limited, insofar as is permitted by applicable law, to those who have the need to know of this coverage.

10. Defense Costs for Non-Monetary Relief Claims--“Claims-Made”

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to the defense costs of claims made against any of the Entities during the Coverage Period specified in Section I seeking non-monetary or injunctive relief, either as a part of or independent of claims seeking monetary relief.

11. Defense Costs for Non-Covered But Coverage-Related Claims

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to the defense costs of claims against the Entities seeking monetary or injunctive relief pursuant to a claim that, if proven, would not itself trigger coverage, but which could involve occurrences, events, errors, or omissions out of which covered claims could be asserted. Notwithstanding the above, this coverage will only be applied in specific instances where both the Authority and the Entities specifically approve the application. Moreover, any application of coverage shall not be deemed a practice or precedent obligating either the Authority or Entities to agree to or provide such coverage in other instances.

12. Legal and/or Defense Counsel Expenses for **Formal** Administrative or **Formal** Regulatory Proceedings

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to the legal and/or defense counsel expenses of any Covered Person pursuant to any **formal** administrative or **formal** regulatory proceeding against or involving such person(s), provided that the proceeding arises out of conduct deemed by the Entities to have occurred within the scope of the person's official capacity(ies) for any of the Entities. Any legal and/or defense counsel expenses incurred under this Coverage Extension must have the prior consent of the Authority. The Authority will select counsel pursuant to this paragraph.

13. Additional Covered Persons

The coverages provided by this **Memorandum of Coverage** may be extended to Additional Covered Persons to the extent that the Entities are required by contract or agreement to name such persons as “additional insureds.” Any coverage provided to any Additional Covered Person is limited

to the scope and limits of indemnity required by the applicable contract or agreement. Authority staff is authorized to issue Certificates of Coverage as evidence of the coverage provided by the **Memorandum of Coverage**, subject to the provisions of this section. Any such Certificate is deemed to amend the **Memorandum of Coverage** to include the specified person(s) as Additional Covered Persons.

14. **Confidential and Personally-Identifiable Information**

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to cover the liability of any of the Entities for defense costs and privacy mitigation expenses incurred by and/or loss of income and additional expense paid by any of the Entities to meet extortion demands made, regulatory fines and any penalties levied against, and other expenses paid by any of the Entities which arise out of or are related to the wrongful access to confidential or personally-identifiable information which any of the Entities is/are required by law or by agreement to not to disclose except as provided by law or such agreement.

Coverage is also extended to amounts paid to legal counsel and/or a public relations firm to minimize the potential harm that might arise out of a release of confidential information. Coverage is also extended to pay the reasonable expenses of notifications of affected persons as required by applicable law and credit monitoring or identity theft protection for those whose confidential information has been disclosed without authorization.

Except as provided in Sub-Section II.B.5., Deductibles, the coverage provided by this Sub-Section is specifically excess of and shall not contribute with any commercial insurance obtained by the Authority as per Section IV.

15. **Equipment Breakdown**

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to cover the sudden and accidental breakdown of any property owned and used by an Entity, for which an Entity holds or has assumed an obligation to insure or maintain, or which is in the care, custody, or control of an Entity and the Entity is legally obligated to repair or replace such property, provided that the breakdown is not subject to a warranty or maintenance contract and provided that the aggregate losses payable to an Entity under this Rider within the Coverage Period do not exceed \$1 million. Upon presentation of a claim, the Authority shall also hold the exclusive discretion to determine whether the property should be repaired or replaced.

16. **Unclaimed Property**

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to payments for unclaimed property consisting of any check in the amount of \$25.00 or less issued by any one of the Entities which is determined to be abandoned in accordance with the Michigan Uniform Unclaimed Property

Act, as amended. Any payment for such unclaimed property shall be certified as payable at the direction of the Ottawa County Treasurer or any person authorized by the Ottawa County Treasurer.

17. Forgery or Alteration

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss sustained by any of the Entities which loss arises out of the forgery or alteration of any checks, drafts, or other promises of payment which are made by or drawn upon any of the Entities or an agent of any of the Entities, or which are purported to be so made or drawn.

18. Theft of Money or Securities

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss of money or securities while within any premises owned, operated, or used by any of the Entities or while within any financial institution or any other entity utilized by one or more Entities as a place of secure storage. Loss includes theft or destruction of any money or securities held in electronic form.

19. Counterfeit Money or Money Orders

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss sustained by any of the Entities which inadvertently accept counterfeit money which is in common use. Coverage is also extended to the acceptance of money orders issued by the U.S. Postal Service, any financial institution, or any express company, which money orders are not honored by their issuer(s).

20. Social Engineering Fraud

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss sustained by any one or more Entities as the result of a payment of money or securities on the basis of voice, facsimile, email, or written instructions purportedly from a vendor or other payor which are, in fact, false or fraudulent.

C. DEFINITIONS

1. Additional Covered Persons

Means any person or entity which the Entities are required by contract or agreement to name as an "additional insured," subject to all other provisions and limitations of this **Memorandum of Coverage** and of the applicable contract or agreement.

2. Casualty

Means any failure of any of the Entities to meet any statutory or contractual duty to a person, party, or governmental entity because of or resulting from any accidental event, injury, or disease.

3. Covered Persons

Means elected and appointed officials, officers, employees, and volunteers of the Entities when deemed by the Entities to be acting within the scope of duty.

4. Entities

Means, individually or collectively, the County of Ottawa, the Ottawa County Building Authority, and the Ottawa County, Michigan Insurance Authority, as well as their Covered Persons, as defined in Definition 3. For the purpose of this Memorandum of Coverage only, the County of Ottawa shall include trial court operations funded by the County as an arm of the State of Michigan, provided that no insurance coverage or indemnification is otherwise available from the State.

5. Remediation

Means any expense to study, remove, contain, or stabilize any pollutant, irritant, toxic substance, or waste material from or within premises owned, operated, or used by the Entities should such expense be mandated by a court of competent jurisdiction, a recognized governmental agency, or by agreement among the Entities, a unit of government or court described above, any third-party claimant, and the Authority, to prevent, minimize, or abate injury to persons or damage to the property of others.

6. Landscaping Plants

Means trees, plants, or shrubs included in a covered building's landscape design, regardless of whether planted specifically in accordance with the building's design or natural allowed to remain in accordance with the building's design.

III. SERVICES PROVIDED

The Authority provides the following services to the Entities, but, under this Section, the Authority assumes no risks of the Entities.

A. Workers' Disability Compensation Services

1. Description of Services

The Authority will provide the following services to assist the County in administering its self-insured Workers' Compensation program ("Program"):

- (A.) Investment management for all of the Program's self-insured retentions and reserves.
- (B.) The Program's internal accounting.
- (C.) Risk management advice at the County's request.
- (D.) Claims evaluation at the County's request.
- (E.) Recommendations regarding the claims administrator engaged by the County, including, at the County's request, negotiation of the terms of any claims administration contract(s).
- (F.) Recommendations regarding the appropriate level of self-insured retentions and reserves at the County's request.
- (G.) Legal counseling pursuant to the joint defense or risk management services as further described herein.

2. Service Reports

As described in more detail in Section 4, below, the Authority shall provide the County quarterly investment reports showing the rate of return earned by the County's Workers' Compensation funds as well as the percentage of the Authority's pooled funds that constitute the County's Workers' Compensation funds.

When the County requests claims evaluation, risk management, claims administrator evaluation, or other specific services from the Authority, it shall make such a request in writing and, in that writing, establish a date whereby it would like the Authority to report its findings. The Authority shall endeavor in good faith to meet these deadlines or to advise the County if it needs additional time.

3. Joint Legal Defense or Counsel

Any County memoranda, interview notes, factual reports, and other factual gathering data and documentation that are shared with the Authority's counsel, and/or the Authority consultants or personnel under the direction of counsel, for the purposes of acquiring risk management or claims evaluation services shall be considered in mutual defense and counsel, and shall be confidential and protected under the attorney-client privilege.

Likewise, any interviews of County personnel conducted by the Authority's counsel or consultants under the direction of counsel for the purpose of delivering risk management or claims evaluation services shall be considered in mutual defense and counsel, and shall be confidential and protected under the attorney-client privilege.

Any risk management or claims evaluation report containing risk management recommendations and/or claim evaluations submitted by the Authority's counsel to the County shall be considered in mutual defense and counsel, and shall be confidential and protected by attorney-client privilege.

4. Trust

For purposes of this section, the County's Workers' Compensation funds shall be described as "WCTF Total." The state restrictions on the investment of County funds shall be described as "SR." The "Pool" shall refer to the Authority's aggregate investments. The "SR Pool" refers to the portion of the Pool that is invested in a manner that would qualify under the SR. "Workers' Compensation Cumulative Total" refers to the total funds accumulated under the formula described below.

All County funds placed with the Authority for investment management shall be held in trust for the benefit of the County. Such funds will be pooled with the Authority's funds for investment purposes only and only in a manner subject to the restrictions contained herein.

With respect to the Pool, the Authority must at all times invest an amount at least equivalent to the WCTF Total in investments that meet SR.

Each year, the Authority shall report the then-current WCTF Total as follows:

From the Workers' Compensation contributions by the County to the Authority's Pool "Workers' Compensation Claims and other Costs," "Excess Workers' Compensation Insurance Costs," "TPA Costs," and "Administration Costs" shall be deducted. The result shall be called "Annual Revenue over Expenses";

The Revenue Over Expenses shall be multiplied by the return on the SR Pool for that year. This result shall be called the "Annual Interest Income";

The Annual Revenue over Expenses and Annual Interest Income shall be added to the "Workers' Compensation Cumulative Total."

Upon written request of the Ottawa County Board of Commissioners, the Authority shall promptly return to the County any Workers' Compensation funds that the Authority holds in trust for the County.

IV. INSURANCE PURCHASED AND DEDUCTIBLES/RETENTIONS

Coverage	Limit	Deductible/Retention
Real and Personal Property, Including Rental Income and Extra Expense		
Extra Expense	\$4,000,000	\$50,000
Loss by Earthquake	\$100,000,000 aggregate	\$100,000
Loss by Flood	\$50,000,000 aggregate	\$100,000

Coverage	Limit	Deductible/Retention
All Other Covered Loss	Replacement Value	\$50,000
Automobile Bodily Injury and Property Damage Liability	\$1,000,000	\$20,000 Each Accident
Personal Injury Protection	Statutorily-required	\$0
Property Protection	Statutorily-required	\$0
Excess General Liability, Including Employee Benefits Errors or Omissions and Employers' Liability	\$5,000,000 Policy-Year Aggregate	\$1,500,000 Each Loss
Excess Automobile Liability	\$5,000,000 Each Accident	\$1,000,000 Each Accident
Excess Errors or Omissions Liability	\$5,000,000 Policy-Year Aggregate	\$1,000,000 Each Wrongful Act
Excess Liability Insurance	\$5,000,000	\$5,000,000 plus underlying policy retentions
Public Employee Faithful Performance of Duty	\$1,000,000	\$25,000
Public Employee Theft	\$3,000,000	\$25,000
Computer Fraud	\$3,000,000	\$25,000
Funds Transfer Fraud	\$3,000,000	\$25,000
Public Employee Theft, Computer Fraud, and Funds Transfer Fraud Claims Expense	\$25,000	\$0
Employed Lawyer Professional Liability	\$2,000,000 Policy-Year Aggregate	\$5,000 Policy Year Aggregate
Privacy-Cyber Liability Breach Response Expenses	To Cover 1,000,000 Persons to be Notified	Notifications Required to 100 Or Fewer Persons Not Covered
Privacy-Cyber Liability First-Party Loss and Third Party Liability Claims	\$1,000,000 Policy-Year Aggregate	\$50,000 Each Loss

The coverages described above are included to satisfy exclusively the requirements of the agreement establishing the Authority and the Authority's By-Laws, and do not provide additional coverage to the Entities.

V. SUBROGATION AND CONSTRUCTION

The Authority shall have the right to assume and assert any defense, affirmative or otherwise, of the Entities, or their departments, offices, funding units, officers, agents, or employees, except where such right is waived in accordance with the provisions of any insurance policy purchased by the Authority. This **Memorandum of Coverage** shall not be construed as broadening, enlarging, or otherwise increasing the liability, in amount or type, of the Entities, or their departments, offices, funding units, officials, officers, agents, or employees, or of the Insurance Authority to a third party. In fact, the benefits of this **Memorandum** accrue exclusively to the Entities, and not to their departments, Covered Persons, or to third parties. Such individuals and third parties shall have no rights of subrogation nor shall they be construed as third party beneficiaries to this **Memorandum**.

When the Authority and/or its excess insurers make any loss payment on behalf of an Entity and/or any Covered Person, any recovery rights of an Entity and/or a Covered Person are transferred to the Authority and/or its excess insurers, except where such rights have been waived in writing prior to the event which triggers the loss payment.

When the Authority and/or its excess insurers make any loss payment for damaged or destroyed property, the Authority and/or its excess insurers

shall assume control of such property, and are entitled to any sale or salvage proceeds received from the disposition of this property.

VI. CLAIMS PROCEDURE

- A. All incidents of injury to or damage to property of anyone who is not an Entities' employee are to be reported on the *Incident Review Form promptly*.
- B. All letters or other notices of intent to hold the Entities, including any of its Covered Persons, liable for injury or damage to property are to be reported promptly.
- C. All occurrences, events, or omissions which are deemed by a Covered Person likely to give rise to a claim for injury or damage against any of the Covered Entities, including any of its Covered Persons, shall be reported promptly.
- D. All summonses and complaints brought against any of the Entities, including any of its Covered Persons, are to be reported promptly.
- E. All damage to Entities' vehicles is to be reported promptly with copies of State of Michigan (or the uniform traffic report of the state in which the damage occurred) accident report and supporting documentation.
- F. All damage to Entities real and/or personal property is to be reported promptly.

All reports required by Section VI., Paragraphs A. through F. shall be in writing and directed to the following reporting address.

Reporting Address

County of Ottawa
Budget Audit Analyst
12220 Fillmore Street, Room 331
West Olive, Michigan 49460-9672
Email: insuranceauthority@miottawa.org
Telephone: (616) 738-4842 FAX: (616) 738-4098

The Budget Audit Analyst will forward all demands, summonses, complaints, and other information to legal counsel for the Insurance Authority and/or the appropriate insurers.

The Entities or their Covered Persons, except at their own cost, voluntarily make any payment, confess judgment, or admit liability to a third party without first obtaining the approval of the Insurance Authority. The Insurance Authority reserves the right to pay claims against the Entities directly, consistent with the Agreement which created the Authority.

VII. LOSS PAYABLE

The Entities shall promptly advise the Authority of any agreement, oral or written, whereby the former have agreed to indemnify, defend, or hold harmless a third party from its property loss, or liability for bodily injury, personal injury, or property damage. A copy of any written agreement or a memorandum of any oral agreement must be provided to the Authority. The Insurance Authority reserves the right to deny coverage hereunder in the event that the Entities fail to advise promptly the Authority of such an agreement.

VIII. DEFENSE

In addition to the indemnification coverages specified herein, the Authority agrees to defend the Entities against any claim that, if true, would trigger the Authority's indemnification obligations hereunder. The types of costs included in this obligation shall be as defined in any insurance policy, which the Authority has purchased to cover such claims in excess of any applicable deductible or self-insured retention. Defense costs are subject to the coverage limits specified in II.A., above. When the Authority assumes defense responsibility, the Authority has the right to select defense counsel and to control the defense of any covered matter.

IX. OTHER COVERAGE

The coverage provided by this **Memorandum** is excess over any other valid and collectible insurance, self-insurance plan, or other coverage, including coverage provided by previous **Memoranda**, unless specifically stated otherwise herein, or except as respects coverage purchased specifically to be in excess of any or all of those coverages provided by this **Memorandum**.

X. INTERPRETATION AND AUTHORITY

This Memorandum of Coverage is issued as authorized by the Intergovernmental Agreement ("Agreement") establishing the Ottawa County, Michigan Insurance Authority. The terms used in the **Memorandum** shall have a meaning consistent with the terms used in the Agreement and/or the Bylaws also authorized in the Agreement. Any conflict between this **Memorandum** and the Bylaws and/or the Agreement shall be resolved giving primary authority to the Agreement and secondary authority to the Bylaws. Any lawsuit regarding an interpretation or application of this **Memorandum** must be filed in the Michigan state courts and must apply Michigan law.

XI. CHANGES & INTEGRATION

This Memorandum of Coverage may be changed or supplemented by a written Rider, which has been duly approved by the Authority and executed by its Chairperson or Vice Chairperson. In all other respects, the Agreement creating, the Bylaws approved for the Ottawa County, Michigan Insurance Authority, and this **Memorandum of Coverage** and its authorized Riders

constitute the complete understanding between the Entities and the Authority as to the services and coverages provided by the latter to the former.

XII. LIMITATIONS

Any claim or action arising out of this **Memorandum of Coverage** must be filed in a court of competent jurisdiction within six (6) months of the date on which it could have been brought or it is deemed waived.

XIII. CONTRIBUTIONS FULLY EARNED

The contributions made to the Authority for the coverages provided by this **Memorandum** shall be considered as fully earned as of the inception date specified in Section I.

Date: _____

Chairperson, Ottawa County Insurance Authority

Issue Date: March 18, 2024

MEMORANDUM OF COVERAGE

I. PERIOD OF COVERAGE

This Memorandum, issued by the Ottawa County, Michigan Insurance Authority (“Authority”), covers occurrences, events, injury, damage, errors or omissions that take place during the period of April 1, 2024 at 12:01 a.m., local time, through April 1, 2025 at 12:01 a.m., local time (“Coverage Period”). This Memorandum also covers certain claims which are brought during the Coverage Period and which are covered by an Additional Coverage and Coverage Extension, Section II.B., identified as “Claims-Made.”

II. A. COVERAGE PROVISION

For occurrences, events, injury, damage, errors, omissions, or claims, subject to the provisions of Section I, the Authority will assume responsibility to the Entities the following coverages:

Coverage
Real and Personal Property Direct Damage, Extra Expense, and Business Income Excess Employers’ Liability
Bodily Injury, Property Damage, Personal Injury, Advertising Injury, Employee Benefits Errors or Omissions, Other Errors or Omissions Liability
Automobile Bodily Injury and Property Damage Liability
Automobile Uninsured/Underinsured Motorists
Watercraft Uninsured Boaters
Michigan Personal Injury Protection
Michigan Property Protection
Automobile and Boat Physical Damage
Public Employee Theft and Faithful Performance of Duty
Computer Theft/Electronic Funds Transfer Fraud/Forgery or Alteration/Loss of Money and Securities/Money Orders and Counterfeit Money/Social Engineering Fraud
Privacy and Electronic Information Liability

The Authority may purchase insurance as described in Section IV. to satisfy all or any portion of its obligations above.

The Authority’s responsibility for any loss covered within the Coverage Period shall not exceed any limits specified in Sub-Section B., Additional Coverages & Coverage Extensions, or an aggregate limit per Coverage Period of \$30,000,000. This limitation shall not apply to loss resulting from direct damage to Real or Personal Property or to Automobile or Boat Physical Damage. Further, this limitation shall not apply to any amounts paid to or on behalf of the Entities. Recoveries for loss, damage, or injury received by the Entities shall be applied so as to reinstate this limit to the extent of such recoveries.

The coverage provided by the Authority is subject to the same exclusions, limitations, and restrictions as the insurance policies which the Authority purchases, except as respects limits, and except as specifically provided in Additional Coverages & Coverage Extensions included in Section II.B. and Riders attached to this Memorandum.

The Authority's responsibility for any loss arising out of the acts, errors, or omissions of any volunteer medical or dental provider is limited to \$100,000. This amount is part of, not in addition to, the Authority's \$30,000,000 limit for any covered loss.

B. ADDITIONAL COVERAGES & COVERAGE EXTENSIONS

1. Remediation—"Claims-Made"

Pursuant to Sections I and II of this **Memorandum**, coverage for Remediation is added. This Additional Coverage applies to claims made during the Coverage Period.

2. Automobile and Watercraft Physical Damage

Pursuant to Sections I and II of this **Memorandum**, coverage for physical damage to and emergency road service required by automobiles or watercraft owned or hired by the Entities ("Covered Automobiles") is added. Loss to Covered Automobiles, which results from sudden, accidental events, is covered to the lesser of the cost of repairs or the cost of replacement, less any salvage amount received. Emergency road service benefits will be the amount charged by the County-selected emergency road service provider.

A Collision loss deductible of \$3,000 shall apply to each Covered Automobile. No deductible shall apply to physical damage to watercraft.

3. Michigan Special Tort Liability

Pursuant to Sections I and II of this **Memorandum**, coverage for property damage liability arising out of a collision in Michigan of an automobile owned or hired by the Entities is added. The limit payable per loss is the lesser of \$3,000 or the uninsured damages.

4. Interruption of Incoming Services

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to cover physical damage to or loss of property owned by the Entities and extra expense or loss of income incurred by the Entities caused directly by the whole or partial lack of the incoming utility services, by reason of accidental occurrence to the facilities of the suppliers of the utility services. The occurrence must result from a peril insured against by the real and personal property insurance policy purchased by the Authority.

5. Deductibles

Pursuant to Sections I and II of this **Memorandum**, coverage is added for all deductibles or retentions incurred by the Entities under the policies purchased by the Authority pursuant to Section IV. of this **Memorandum**. However, this Section does not extend coverage to personal property owned by Covered Persons, unless any of the Entities is legally liable for damage to or loss of such personal property or such personal property is damaged or destroyed concurrently with real and/or personal property owned by any of the Entities, and covered damage to Entity's(ies') property exceeds the applicable deductible.

6. Exclusions

a. Pursuant to Sections I and II of this Memorandum, coverage is excluded if the defense is provided or loss covered by other casualty, property, or surety insurance purchased for the Entities pursuant to Section IV or by any of the Entities.

b. Pursuant to Sections I and II of this **Memorandum**, coverage is added for any occurrence, accident, or public official's errors or omission, which would otherwise be covered by a property, casualty, or surety insurance policy, purchased for any of the Entities pursuant to Section IV or by any of the Entities, but which is excluded due to a specific exclusion in any such policy. "Occurrence," "accident," and "public official's errors or omissions" as used herein shall have the same definitions as stated in the insurance policies purchased pursuant to Section IV of this Memorandum or by any of the Entities.

c. Pursuant to Sections I and II of this **Memorandum**, coverage is added for any direct physical loss or damage to real or personal property of the Entities to the extent such loss or damage is to the type of real property or building which is excluded by the property insurance policy purchased for the Entities pursuant to Section IV of this Memorandum.

d. Sections II.B.7.a. through II.B.7.c. notwithstanding, coverage for any direct physical loss or damage to trees or plants, other than Landscaping Plants, is limited to \$250,000 per occurrence for loss caused by wind, fire, lightning, hail, aircraft, vandalism, or automobiles. Loss to fewer than 10 trees or plants in any one occurrence is not covered.

7. Automobile Uninsured Motorists and Watercraft Uninsured Boaters

Pursuant to Sections I and II of this **Memorandum**, coverage is added for bodily injury damages sustained by those who occupy vehicles owned or rented by the Entities and who sustain such injury as the result of an accident for which an uninsured motorist or underinsured motorist is 50% or

more at fault. Covered damages are limited to those collectible under Michigan Automobile Residual Liability Insurance, and may be modified by comparative negligence. For the purpose of this Section, an underinsured motorist is a motorist who carries insurance in sufficient limits and types to meet minimum statutory requirements, but who carries insufficient limits to cover the damages for which he/she is responsible.

Pursuant to Sections I and II of this Memorandum, coverage is added for bodily injury damages sustained by those who occupy watercraft owned or rented by the Entities and who sustain bodily injury as the result of an accident for which an uninsured or underinsured watercraft is responsible, as might be modified by comparative negligence.

The maximum payable per person per accident is \$100,000. These amounts are payable in addition to amounts, if any, collected from an at-fault motorist, at-fault boater, or other sources including, but not limited to, Workers' Disability Compensation or any salary/wage continuation benefit.

The Authority will make the final determination as to eligibility for and amount of any benefit payable under this Additional Coverage.

8. Casualty

Pursuant to Section I and II of this **Memorandum**, coverage extends to any Casualty.

9. Kidnap/Ransom and Extortion

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to indemnify any of the Entities for loss of ransom monies resulting from any kidnapping or alleged kidnapping of any Covered Person, physical or electronic (including, but not limited to digital) extortion demand, and detention and hijack, in transit/delivery, or through ransomware, including legal liability arising out of any of the foregoing.

The term Covered Person as respects Section II.B.9 is extended to include guests. Coverage for guests is limited to events which occur while a guest is on or about locations owned or operated by any of the Entities, or while in the company of an official, officer, employee, or volunteer of any Entity.

The Authority shall have the right and duty to defend any claim alleging that any one or more of the Entities is/are liable for damages arising out of or in any way related to an event covered by this coverage provision.

If disclosure of information is done by a third party which is required by contract to keep such information confidential, coverage applies in excess of insurance and/or indemnity provided by that third party.

Coverage is also extended to include fines, penalties, and notification expenses.

Any event which might be covered under this coverage provision shall be promptly reported to an appropriate law enforcement agency.

Knowledge of the existence of this coverage provision shall be limited, insofar as is permitted by applicable law, to those who have the need to know of this coverage.

10. Defense Costs for Non-Monetary Relief Claims--“Claims-Made”

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to the defense costs of claims made against any of the Entities during the Coverage Period specified in Section I seeking non-monetary or injunctive relief, either as a part of or independent of claims seeking monetary relief.

11. Defense Costs for Non-Covered But Coverage-Related Claims

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to the defense costs of claims against the Entities seeking monetary or injunctive relief pursuant to a claim that, if proven, would not itself trigger coverage, but which could involve occurrences, events, errors, or omissions out of which covered claims could be asserted. Notwithstanding the above, this coverage will only be applied in specific instances where both the Authority and the Entities specifically approve the application. Moreover, any application of coverage shall not be deemed a practice or precedent obligating either the Authority or Entities to agree to or provide such coverage in other instances.

12. Legal and/or Defense Counsel Expenses for Formal Administrative or Formal Regulatory Proceedings

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to the legal and/or defense counsel expenses of any Covered Person pursuant to any formal administrative or formal regulatory proceeding against or involving such person(s), provided that the proceeding arises out of conduct deemed by the Entities to have occurred within the scope of the person's official capacity(ies) for any of the Entities. Any legal and/or defense counsel expenses incurred under this Coverage Extension must have the prior consent of the Authority. The Authority will select counsel pursuant to this paragraph.

13. Additional Covered Persons

The coverages provided by this **Memorandum of Coverage** may be extended to Additional Covered Persons to the extent that the Entities are required by contract or agreement to name such persons as “additional insureds.” Any coverage provided to any Additional Covered Person is limited

to the scope and limits of indemnity required by the applicable contract or agreement. Authority staff is authorized to issue Certificates of Coverage as evidence of the coverage provided by the **Memorandum of Coverage**, subject to the provisions of this section. Any such Certificate is deemed to amend the **Memorandum of Coverage** to include the specified person(s) as Additional Covered Persons.

14. **Confidential and Personally-Identifiable Information**

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to cover the liability of any of the Entities for defense costs and privacy mitigation expenses incurred by and/or loss of income and additional expense paid by any of the Entities to meet extortion demands made, regulatory fines and any penalties levied against, and other expenses paid by any of the Entities which arise out of or are related to the wrongful access to confidential or personally-identifiable information which any of the Entities is/are required by law or by agreement to not to disclose except as provided by law or such agreement.

Coverage is also extended to amounts paid to legal counsel and/or a public relations firm to minimize the potential harm that might arise out of a release of confidential information. Coverage is also extended to pay the reasonable expenses of notifications of affected persons as required by applicable law and credit monitoring or identity theft protection for those whose confidential information has been disclosed without authorization.

Except as provided in Sub-Section II.B.5., Deductibles, the coverage provided by this Sub-Section is specifically excess of and shall not contribute with any commercial insurance obtained by the Authority as per Section IV.

15. **Equipment Breakdown**

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to cover the sudden and accidental breakdown of any property owned and used by an Entity, for which an Entity holds or has assumed an obligation to insure or maintain, or which is in the care, custody, or control of an Entity and the Entity is legally obligated to repair or replace such property, provided that the breakdown is not subject to a warranty or maintenance contract and provided that the aggregate losses payable to an Entity under this Rider within the Coverage Period do not exceed \$1 million. Upon presentation of a claim, the Authority shall also hold the exclusive discretion to determine whether the property should be repaired or replaced.

16. **Unclaimed Property**

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to payments for unclaimed property consisting of any check in the amount of \$25.00 or less issued by any one of the Entities which is determined to be abandoned in accordance with the Michigan Uniform Unclaimed Property

Act, as amended. Any payment for such unclaimed property shall be certified as payable at the direction of the Ottawa County Treasurer or any person authorized by the Ottawa County Treasurer.

17. Forgery or Alteration

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss sustained by any of the Entities which loss arises out of the forgery or alteration of any checks, drafts, or other promises of payment which are made by or drawn upon any of the Entities or an agent of any of the Entities, or which are purported to be so made or drawn.

18. Theft of Money or Securities

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss of money or securities while within any premises owned, operated, or used by any of the Entities or while within any financial institution or any other entity utilized by one or more Entities as a place of secure storage. Loss includes theft or destruction of any money or securities held in electronic form.

19. Counterfeit Money or Money Orders

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss sustained by any of the Entities which inadvertently accept counterfeit money which is in common use. Coverage is also extended to the acceptance of money orders issued by the U.S. Postal Service, any financial institution, or any express company, which money orders are not honored by their issuer(s).

20. Social Engineering Fraud

Pursuant to Sections I and II of this **Memorandum**, coverage is extended to loss sustained by any one or more Entities as the result of a payment of money or securities on the basis of voice, facsimile, email, or written instructions purportedly from a vendor or other payor which are, in fact, false or fraudulent.

C. DEFINITIONS

1. Additional Covered Persons

Means any person or entity which the Entities are required by contract or agreement to name as an "additional insured," subject to all other provisions and limitations of this **Memorandum of Coverage** and of the applicable contract or agreement.

2. Casualty

Means any failure of any of the Entities to meet any statutory or contractual duty to a person, party, or governmental entity because of or resulting from any accidental event, injury, or disease.

3. Covered Persons

Means elected and appointed officials, officers, employees, and volunteers of the Entities when deemed by the Entities to be acting within the scope of duty.

4. Entities

Means, individually or collectively, the County of Ottawa, the Ottawa County Building Authority, and the Ottawa County, Michigan Insurance Authority, as well as their Covered Persons, as defined in Definition 3. For the purpose of this Memorandum of Coverage only, the County of Ottawa shall include trial court operations funded by the County as an arm of the State of Michigan, provided that no insurance coverage or indemnification is otherwise available from the State.

5. Remediation

Means any expense to study, remove, contain, or stabilize any pollutant, irritant, toxic substance, or waste material from or within premises owned, operated, or used by the Entities should such expense be mandated by a court of competent jurisdiction, a recognized governmental agency, or by agreement among the Entities, a unit of government or court described above, any third-party claimant, and the Authority, to prevent, minimize, or abate injury to persons or damage to the property of others.

6. Landscaping Plants

Means trees, plants, or shrubs included in a covered building's landscape design, regardless of whether planted specifically in accordance with the building's design or natural allowed to remain in accordance with the building's design.

III. SERVICES PROVIDED

The Authority provides the following services to the Entities, but, under this Section, the Authority assumes no risks of the Entities.

A. Workers' Disability Compensation Services

1. Description of Services

The Authority will provide the following services to assist the County in administering its self-insured Workers' Compensation program ("Program"):

- (A.) Investment management for all of the Program's self-insured retentions and reserves.
- (B.) The Program's internal accounting.
- (C.) Risk management advice at the County's request.
- (D.) Claims evaluation at the County's request.
- (E.) Recommendations regarding the claims administrator engaged by the County, including, at the County's request, negotiation of the terms of any claims administration contract(s).
- (F.) Recommendations regarding the appropriate level of self-insured retentions and reserves at the County's request.
- (G.) Legal counseling pursuant to the joint defense or risk management services as further described herein.

2. Service Reports

As described in more detail in Section 4, below, the Authority shall provide the County quarterly investment reports showing the rate of return earned by the County's Workers' Compensation funds as well as the percentage of the Authority's pooled funds that constitute the County's Workers' Compensation funds.

When the County requests claims evaluation, risk management, claims administrator evaluation, or other specific services from the Authority, it shall make such a request in writing and, in that writing, establish a date whereby it would like the Authority to report its findings. The Authority shall endeavor in good faith to meet these deadlines or to advise the County if it needs additional time.

3. Joint Legal Defense or Counsel

Any County memoranda, interview notes, factual reports, and other factual gathering data and documentation that are shared with the Authority's counsel, and/or the Authority consultants or personnel under the direction of counsel, for the purposes of acquiring risk management or claims evaluation services shall be considered in mutual defense and counsel, and shall be confidential and protected under the attorney-client privilege.

Likewise, any interviews of County personnel conducted by the Authority's counsel or consultants under the direction of counsel for the purpose of delivering risk management or claims evaluation services shall be considered in mutual defense and counsel, and shall be confidential and protected under the attorney-client privilege.

Any risk management or claims evaluation report containing risk management recommendations and/or claim evaluations submitted by the Authority's counsel to the County shall be considered in mutual defense and counsel, and shall be confidential and protected by attorney-client privilege.

4. Trust

For purposes of this section, the County's Workers' Compensation funds shall be described as "WCTF Total." The state restrictions on the investment of County funds shall be described as "SR." The "Pool" shall refer to the Authority's aggregate investments. The "SR Pool" refers to the portion of the Pool that is invested in a manner that would qualify under the SR. "Workers' Compensation Cumulative Total" refers to the total funds accumulated under the formula described below.

All County funds placed with the Authority for investment management shall be held in trust for the benefit of the County. Such funds will be pooled with the Authority's funds for investment purposes only and only in a manner subject to the restrictions contained herein.

With respect to the Pool, the Authority must at all times invest an amount at least equivalent to the WCTF Total in investments that meet SR.

Each year, the Authority shall report the then-current WCTF Total as follows:

From the Workers' Compensation contributions by the County to the Authority's Pool "Workers' Compensation Claims and other Costs," "Excess Workers' Compensation Insurance Costs," "TPA Costs," and "Administration Costs" shall be deducted. The result shall be called "Annual Revenue over Expenses";

The Revenue Over Expenses shall be multiplied by the return on the SR Pool for that year. This result shall be called the "Annual Interest Income";

The Annual Revenue over Expenses and Annual Interest Income shall be added to the "Workers' Compensation Cumulative Total."

Upon written request of the Ottawa County Board of Commissioners, the Authority shall promptly return to the County any Workers' Compensation funds that the Authority holds in trust for the County.

IV. INSURANCE PURCHASED AND DEDUCTIBLES/RETENTIONS

Coverage	Limit	Deductible/Retention
Real and Personal Property, Including Rental Income and Extra Expense		
Extra Expense	\$4,000,000	\$50,000
Loss by Earthquake	\$100,000,000 aggregate	\$100,000
Loss by Flood	\$50,000,000 aggregate	\$100,000

Coverage	Limit	Deductible/Retention
All Other Covered Loss	Replacement Value	\$50,000
Automobile Bodily Injury and Property Damage Liability	\$1,000,000	\$20,000 Each Accident
Personal Injury Protection	Statutorily-required	\$0
Property Protection	Statutorily-required	\$0
Excess General Liability, Including Employee Benefits Errors or Omissions and Employers' Liability	\$5,000,000 Policy-Year Aggregate	\$1,500,000 Each Loss
Excess Automobile Liability	\$5,000,000 Each Accident	\$1,000,000 Each Accident
Excess Errors or Omissions Liability	\$5,000,000 Policy-Year Aggregate	\$1,000,000 Each Wrongful Act
Excess Liability Insurance	\$5,000,000	\$5,000,000 plus underlying policy retentions
Public Employee Faithful Performance of Duty	\$1,000,000	\$25,000
Public Employee Theft	\$3,000,000	\$25,000
Computer Fraud	\$3,000,000	\$25,000
Funds Transfer Fraud	\$3,000,000	\$25,000
Public Employee Theft, Computer Fraud, and Funds Transfer Fraud Claims Expense	\$25,000	\$0
Employed Lawyer Professional Liability	\$2,000,000 Policy-Year Aggregate	\$5,000 Policy Year Aggregate
Privacy-Cyber Liability Breach Response Expenses	To Cover 1,000,000 Persons to be Notified	Notifications Required to 100 Or Fewer Persons Not Covered
Privacy-Cyber Liability First-Party Loss and Third Party Liability Claims	\$1,000,000 Policy-Year Aggregate	\$50,000 Each Loss

The coverages described above are included to satisfy exclusively the requirements of the agreement establishing the Authority and the Authority's By-Laws, and do not provide additional coverage to the Entities.

V. SUBROGATION AND CONSTRUCTION

The Authority shall have the right to assume and assert any defense, affirmative or otherwise, of the Entities, or their departments, offices, funding units, officers, agents, or employees, except where such right is waived in accordance with the provisions of any insurance policy purchased by the Authority. This **Memorandum of Coverage** shall not be construed as broadening, enlarging, or otherwise increasing the liability, in amount or type, of the Entities, or their departments, offices, funding units, officials, officers, agents, or employees, or of the Insurance Authority to a third party. In fact, the benefits of this **Memorandum** accrue exclusively to the Entities, and not to their departments, Covered Persons, or to third parties. Such individuals and third parties shall have no rights of subrogation nor shall they be construed as third party beneficiaries to this **Memorandum**.

When the Authority and/or its excess insurers make any loss payment on behalf of an Entity and/or any Covered Person, any recovery rights of an Entity and/or a Covered Person are transferred to the Authority and/or its excess insurers, except where such rights have been waived in writing prior to the event which triggers the loss payment.

When the Authority and/or its excess insurers make any loss payment for damaged or destroyed property, the Authority and/or its excess insurers

shall assume control of such property, and are entitled to any sale or salvage proceeds received from the disposition of this property.

VI. CLAIMS PROCEDURE

- A. All incidents of injury to or damage to property of anyone who is not an Entities' employee are to be reported on the *Incident Review Form* as promptly.
- B. All letters or other notices of intent to hold the Entities, including any of its Covered Persons, liable for injury or damage to property are to be reported promptly.
- C. All occurrences, events, or omissions which are deemed by a Covered Person likely to give rise to a claim for injury or damage against any of the Covered Entities, including any of its Covered Persons, shall be reported promptly.
- D. All summonses and complaints brought against any of the Entities, including any of its Covered Persons, are to be reported promptly.
- E. All damage to Entities' vehicles is to be reported promptly with copies of State of Michigan (or the uniform traffic report of the state in which the damage occurred) accident report and supporting documentation.
- F. All damage to Entities real and/or personal property is to be reported promptly.

All reports required by Section VI., Paragraphs A. through F. shall be in writing and directed to the following reporting address.

Reporting Address

County of Ottawa
Budget Audit Analyst
12220 Fillmore Street, Room 331
West Olive, Michigan 49460-9672
Email: insuranceauthority@miottawa.org
Telephone: (616) 738-4842 FAX: (616) 738-4098

The Budget Audit Analyst will forward all demands, summonses, complaints, and other information to legal counsel for the Insurance Authority and/or the appropriate insurers.

The Entities or their Covered Persons, except at their own cost, voluntarily make any payment, confess judgment, or admit liability to a third party without first obtaining the approval of the Insurance Authority. The Insurance Authority reserves the right to pay claims against the Entities directly, consistent with the Agreement which created the Authority.

VII. LOSS PAYABLE

The Entities shall promptly advise the Authority of any agreement, oral or written, whereby the former have agreed to indemnify, defend, or hold harmless a third party from its property loss, or liability for bodily injury, personal injury, or property damage. A copy of any written agreement or a memorandum of any oral agreement must be provided to the Authority. The Insurance Authority reserves the right to deny coverage hereunder in the event that the Entities fail to advise promptly the Authority of such an agreement.

VIII. DEFENSE

In addition to the indemnification coverages specified herein, the Authority agrees to defend the Entities against any claim that, if true, would trigger the Authority's indemnification obligations hereunder. The types of costs included in this obligation shall be as defined in any insurance policy, which the Authority has purchased to cover such claims in excess of any applicable deductible or self-insured retention. Defense costs are subject to the coverage limits specified in II.A., above. When the Authority assumes defense responsibility, the Authority has the right to select defense counsel and to control the defense of any covered matter.

IX. OTHER COVERAGE

The coverage provided by this **Memorandum** is excess over any other valid and collectible insurance, self-insurance plan, or other coverage, including coverage provided by previous **Memoranda**, unless specifically stated otherwise herein, or except as respects coverage purchased specifically to be in excess of any or all of those coverages provided by this **Memorandum**.

X. INTERPRETATION AND AUTHORITY

This Memorandum of Coverage is issued as authorized by the Intergovernmental Agreement ("Agreement") establishing the Ottawa County, Michigan Insurance Authority. The terms used in the **Memorandum** shall have a meaning consistent with the terms used in the Agreement and/or the Bylaws also authorized in the Agreement. Any conflict between this **Memorandum** and the Bylaws and/or the Agreement shall be resolved giving primary authority to the Agreement and secondary authority to the Bylaws. Any lawsuit regarding an interpretation or application of this **Memorandum** must be filed in the Michigan state courts and must apply Michigan law.

XI. CHANGES & INTEGRATION

This Memorandum of Coverage may be changed or supplemented by a written Rider, which has been duly approved by the Authority and executed by its Chairperson or Vice Chairperson. In all other respects, the Agreement creating, the Bylaws approved for the Ottawa County, Michigan Insurance Authority, and this **Memorandum of Coverage** and its authorized Riders

constitute the complete understanding between the Entities and the Authority as to the services and coverages provided by the latter to the former.

XII. LIMITATIONS

Any claim or action arising out of this **Memorandum of Coverage** must be filed in a court of competent jurisdiction within six (6) months of the date on which it could have been brought or it is deemed waived.

XIII. CONTRIBUTIONS FULLY EARNED

The contributions made to the Authority for the coverages provided by this **Memorandum** shall be considered as fully earned as of the inception date specified in Section I.

Date: _____

Chairperson, Ottawa County Insurance Authority

Issue Date: March 18, 2024

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

of

**OTTAWA COUNTY, MICHIGAN
INSURANCE AUTHORITY**



West Olive, Michigan

For the Years Ended September 30, 2023 and 2022

BOARD OF DIRECTORS

2023

Lucy Ebel
Gretchen Cosby
John Gibbs
Joe Moss
Amanda Price
Gary Rosema



OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

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INTRODUCTORY SECTION



Ottawa County, Michigan Insurance Authority

12220 Fillmore Street, Room 331, West Olive, Michigan 49460

(616) 738-4841
Fax (616) 738-4098

January 11, 2024

Board of Directors
Ottawa County, Michigan Insurance Authority
12220 Fillmore Street, Room 331
West Olive, MI 49460

Board of Directors:

The Comprehensive Annual Financial Report of the Ottawa County, Michigan Insurance Authority (the "Insurance Authority" or "Authority") for the period ending September 30, 2023 is hereby respectfully submitted. Vredeveld Haefner LLC, an independent firm of certified public accountants, has audited the financial statements contained in this report and has found them to present fairly, in all material respects, the financial position of the Insurance Authority. In addition, Financial Risk Analysts, LLC, provided independent actuarial services which estimates the liabilities recorded as outstanding claim reserves.

The Authority maintains a system of internal controls to provide reasonable assurance that the books and records reflect authorized transactions of the Authority. The Authority assumes full responsibility for the information presented in this report and we believe it to be complete and reliable in all material respects. We believe the data, as presented, are accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Insurance Authority as measured by the financial activity of its various membership periods, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Insurance Authority's financial affairs have been included.

GAAP require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE INSURANCE AUTHORITY

The Ottawa County, Michigan Insurance Authority is an organization of governmental unit agencies formed as a legal entity under State statutes that authorize local units to create such an entity to meet their risk management needs. Specifically, the Insurance Authority administers a program of self-funding and commercial insurance in the areas of property and liability as well as providing for support services such as: claims/litigation administration and management, loss control services and training, risk management statistical information, and financial reporting services for its members. The Insurance Authority began its operation on October 24, 1990 with two initial members, the County of Ottawa and the Ottawa County Building Authority; as of September 30, 2023, no additional members have been added.

The Board of Directors is the governing body of the Insurance Authority and manages its operations. The Board is comprised of the following persons: the Ottawa County Treasurer, the Chairperson of the Ottawa County Board of Commissioners, the Chairperson of the Ottawa County Board of Commissioners standing committee in charge of finances, a member-at-large from the Ottawa County Board of Commissioners, the Ottawa County Administrator, and an elected or appointed official from each participating public entity except Ottawa County.

The Insurance Authority has the following powers pursuant to the intergovernmental agreement: to sue and be sued; to make contracts; to hold and dispose of real and personal property; to borrow money, contract debts, and pledge assets in the name of the Insurance Authority; to appoint employees or contract with other individuals or entities, including a participating public entity, for personnel services; and to do any other acts necessary or appropriate in order to effectuate the purposes of the agreement.

The Insurance Authority reporting entity includes all activities for operations of its administrative staff, officers, executive board and board of directors as they relate to the Insurance Authority considered to be part of the Insurance Authority. This includes the financial activity relating to all of the membership period pools of the Insurance Authority. The Insurance Authority does not have oversight responsibility for any other governmental entity.

INSURANCE MARKET

While other industries exercise significant control over outflows (e.g., reducing production or staffing), a chief expenditure for the insurance industry is claims. Property claims can result from natural events, such as tornadoes, or events caused by human negligence, such as fires. Although loss control engineering services can help reduce frequency and severity of claims, it cannot eliminate them altogether. Liability claims usually are the result of an act or omission by someone which results in financial loss. Even though County and Building Authority officials and employees act in ways they believe to be responsible and reasonable, liability claims are still brought. As a result, financial returns for risk-bearing entities are also volatile.

There is a risk to increasing premiums. If an insured seeks competitive proposals, the insurance company which writes the program risks losing the business to a competitor, which puts pressure on insurers to keep prices down. But there are those insureds (or their insurance agents) which do not check the market, and insurers are successful in gaining modest increases in rates. The Authority is rather aggressive in looking at the state of the insurance market. Premiums have increased over the last few years, a trend we expect will continue.

As premiums rise, the Authority will review again the balance between the premium which it pays for excess liability insurance and the amount of risk which it retains. In short, the Authority seeks to maintain an economical balance between the level of risk assumed and the premiums which it pays for excess insurance.

The nature of the risks which the Authority writes makes claim activity difficult to predict. Historically, the frequency of claims sustained by the County and Building Authority has been inadequate to be statistically valid with respect to the prediction of losses. The largest claim which the Authority has incurred, the Southwest Ottawa Landfill clean-up, has been largely paid, although there is still the possibility of significant outlay as the project is completed and ultimately signed off by the State of Michigan, Department of Environmental Quality. The Authority has the possibility of exposures which arise out of law enforcement operations and the provision of community health and mental health services can result in substantial claims.

The performance of the equity markets has had a significant impact on the Authority's assets and the Authority remains reasonably well-positioned in the current securities market. By estimating its funding needs very conservatively, it continues to receive the needed contribution income to cover its expenses plus expected losses. The Authority is confident that it will continue to be a stable provider of risk financing to the County and Building Authority.

RISK MANAGEMENT

The Insurance Authority assumes financial and operational responsibilities for all risk assumption, risk management, and insurance coverage matters for the County of Ottawa, including its constituent departments and agencies, and the Ottawa County Building Authority. By contract with the Insurance Authority, the County, through its Fiscal Services Department, has the primary responsibility for the day-to-day risk and insurance management functions of the Insurance Authority, so as to preserve human, physical, natural, and financial resources.

The Insurance Authority contracts with a risk management consultant to assist with identification, evaluation, and reduction of exposures to risk, as well as all other risk management and insurance functions. Legal counsel, both independent and the County Corporation Counsel, provides the claim defense when the

Insurance Authority is responsible for defense, and supervises the defense provided by insurers when an insurer has the right and duty to defend a claim. Counsel also reviews Insurance Authority policies and procedures so as to provide appropriate protection to the Insurance Authority and its participants, and provides periodic training sessions to County employees in order to reduce exposure to risk.

It is a standard requirement of all vendors and contractors doing business with Ottawa County or the Building Authority to provide evidence of insurance in accordance with specified requirements, as well as broad indemnification. In this way, liability arising out of the acts, errors, or omissions of others is not a primary financial responsibility of the Insurance Authority.

Primary insurance remains in place for Property, Automobile Liability and "No-Fault," and Crime, and the Authority covers the applicable deductibles. The Authority assumes a substantial amount of General/Law Enforcement/Public Officials Liability risk and purchases excess insurance for catastrophic loss protection.

Further, the Authority assumes responsibility for those risks which are either uninsurable or which are insurable at comparatively high premiums, such as gradual pollution and high-water levels, for risks which are excluded by the insurance policies which it purchases, such as mysterious disappearance of property and defense costs for claims which do not seek monetary damages. The Authority will consider offering additional coverages to the County and Building Authority as exposures arise and can be evaluated.

All claims brought against the County or the Building Authority, and all incidents occurring within their jurisdictions, whether against a commission, board, elected/appointed official, employee, or volunteer, are reported to the Insurance Authority in accordance with its reporting procedure. The claim/incident is processed and, if appropriate, forwarded to the Insurance Authority's legal counsel or insurer for investigation or establishment of an open claim reserve. At each Insurance Authority Work Group meeting, reports of claims or incidents are reviewed, as are reserves for open claims and the long-term claim history. Settlement of any claim and preferred handling of any lawsuit or potential lawsuit occurs after consultation with the Insurance Authority's Work Group and/or the appropriate insurance company.

The Insurance Authority continually reviews and considers alternatives to some or all of its risk financing and control program. As the commercial insurance market remains steady, there is not the economic impetus to assume more risk. However, there are many issues which the Authority considers when deciding whether to offer additional coverage to its members. In some cases, there are factors which far outweigh cost in making these decisions. The Authority Work Group continues its comprehensive review of exposures and will present appropriate recommendations to the Authority for its consideration.

Acknowledgments

Our sincere appreciation is expressed to members of the County of Ottawa staff for their assistance in preparing this report.

Our appreciation is also extended to each member and alternate of the Board of Directors for their commitment to risk management and intergovernmental risk pooling.

Respectfully submitted,

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY



Karen Karasinski
Fiscal Service Director
Ottawa County

1/11/21
Date

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FINANCIAL SECTION



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

January 11, 2024

Ottawa County, Michigan Insurance Authority
Board of Directors
West Olive, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Ottawa County, Michigan Insurance Authority (the Authority), a component unit of Ottawa County, Michigan, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2023 and 2022, the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ottawa County, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Ottawa County, Michigan Insurance Authority and do not purport to, and do not, present fairly the financial position of the Ottawa County, Michigan, as of September 30, 2023 and 2022, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and required supplementary information presented on pages 24 through 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Uredexeld Haefner LLC

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Management's Discussion and Analysis

As management of the *Ottawa County, Michigan Insurance Authority*, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$19,670,422 (*net position*). This entire amount is unrestricted and may be used to meet the Authority's ongoing obligations.
- The Authority's total net position decreased by \$3,403,230 primarily due to a significant increase in claims this year.

Overview of the Financial Statements

Fund type: The Authority has been established as an internal service proprietary fund type of the primary government, Ottawa County, to account for and allocate costs internally among the County's various functions. Specifically, the Authority accounts for the general, automobile, and property liability of the County. There are three statements included in the Authority's basic financial statements.

The *statements of net position* present information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Authority's financial position is improving or deteriorating.

The *statements of revenues, expenses and changes in net position* present information of the changes in the Authority's net position during the year ended September 30, 2023. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *statements of cash flows* present information showing the inflows and outflows of cash during the year ended September 30, 2023. Accordingly, only transactions that affect the Authority's cash account are reported. The statement of cash flows assists the reader in determining the liquidity of the entity.

These statements can be found on pages 9-11 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 13 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This is limited to the letter of transmittal, this management discussion and analysis, schedules of claims development, unpaid claims liabilities, and changes in net position, and other statistical information.

FINANCIAL MANAGEMENT AND CONTROL

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting

The Authority uses a fund (i.e., a separate accounting entity with a self-balancing set of accounts) to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Basis of Accounting

The Authority's operating fund, an internal services fund, is accounted for on the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the statement of net position. Internal service fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Budgetary Control

A detailed budget is presented to the Authority Board for approval on an annual basis.

Financial Analysis

As the following table demonstrates, the Authority's position exceeded its liabilities by \$17,420,422 at September 30, 2023. The entire balance of the net position is unrestricted and may be used to meet the Authority's ongoing obligations.

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 988,278	\$ 686,392
Investments	39,268,631	37,837,680
Restricted investments	4,526,290	4,749,256
Other assets	594,982	534,258
	<hr/>	<hr/>
Total assets	45,378,181	43,807,586
	<hr/>	<hr/>
Liabilities		
Unpaid claims	22,036,595	17,083,388
Due to Ottawa County	3,671,164	3,650,546
	<hr/>	<hr/>
Total liabilities	25,707,759	20,733,934
	<hr/>	<hr/>
Net position - unrestricted	<u>\$19,670,422</u>	<u>\$23,073,652</u>

Together, cash and unrestricted investments increased by \$1,732,837. Cash and unrestricted investment balances at year-end are at a point in time, so fluctuations within the category are not unusual and may reflect various transactions in process.

Net position increased primarily due to the increase in investment values experienced during the year ended September 30, 2023. Detailed information on revenues expenses and changes in net position follows.

	<u>2023</u>	<u>2022</u>
Revenues		
Loss premium	\$ 2,707,227	\$ 2,372,940
Other revenues	54,841	160,892
Total operating revenues	<u>2,762,068</u>	<u>2,533,832</u>
Operating expenses		
Claims and related expenses	8,575,366	4,719,416
Risk management and other	438,324	419,335
Total operating expenses	<u>9,013,690</u>	<u>5,138,751</u>
Operating income (loss)	<u>(6,251,622)</u>	<u>(2,604,919)</u>
Nonoperating revenue		
Investment income	1,066,850	1,654,174
Investment gain (loss) realized and unrealized	2,840,116	(9,673,012)
Total nonoperating revenue	<u>3,906,966</u>	<u>(8,018,838)</u>
Income (loss) before transfers	(2,344,656)	(10,623,757)
Transfer to Ottawa County	<u>(1,058,574)</u>	<u>(2,082,688)</u>
Change in net position	(3,403,230)	(12,706,445)
Net position, beginning of year	<u>23,073,652</u>	<u>35,780,097</u>
Net position, end of year	<u>\$19,670,422</u>	<u>\$23,073,652</u>

Revenues: Revenues totaled \$6,669,034 for the year ended September 30, 2023. While the Authority's investment strategy focuses on core fundamentals it has historically outperformed benchmarks. While the Federal Reserve has increased the interest rates recently resulting in additional investment income, the market has seen a decline due to the overall slowing of the economy resulting in significant losses in the current year.

Loss premiums represent charges to Authority members for insurance coverage. These revenues cover both the payments made to insurance carriers for excess coverage as well as the actuarially determined cost for the self-insured retentions.

Expenses: Expenses totaled \$9,013,690 for the year ended September 30, 2023. The unpaid claims liability increased by \$4,953,207 which was primarily due to several large claims during the year. Claims and legal expenses can vary significantly by year depending on settlements.

Changes in Net Position

Total expenses exceeded total revenues by \$2,344,656 for the year ended September 30, 2023. \$1,058,574 was transferred to Ottawa County in 2023 to assist with debt service and risk management costs resulting in a decrease in net position of \$3,403,230.

Member Assessment and Base Allocation

The allocation of assessments among members is based upon an exposure base determined by operating expenditures and unit measurements for property/liability.

Pension Funds

The Authority has no employees; as such, it contracts for all administrative, accounting, and financial reporting services with Ottawa County and other outside entities.

Cash Management

The Authority's investment policy, approved by its Board of Directors, has the objective of pursuing an optimum rate of return without sacrificing safety on available assets not required for current operating needs while maintaining sufficient liquidity to meet cash flow needs. Specific investments are made in accordance with the Authority's investment policy, which conforms to the guidelines established for investment of public funds by the Michigan Revised Statutes.

As of September 30, the Authority's cash and investment portfolio was comprised of the following:

	<u>2023</u>
Debt securities	\$ 6,153,262
Debt securities - restricted	4,526,290
Mutual funds	12,566,521
Exchange Trade Funds	19,801,482
Land	747,366
Cash and cash equivalents (including outstanding checks of \$104,067)	<u>1,092,345</u>
Total	<u>\$44,887,266</u>

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Karen Karasinski, Fiscal Services Director, 12220 Fillmore Street, Room 331, West Olive, Michigan, 49460.

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BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY

(a Component Unit of Ottawa County)

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 988,278	\$ 686,392
Investments	39,268,631	37,837,680
Restricted investments	4,526,290	4,749,256
Accrued interest receivable	40,722	51,297
Due from county	-	3,600
Due from others	-	5,303
Prepaid insurance	554,260	474,058
Total current assets	<u>45,378,181</u>	<u>43,807,586</u>
Current liabilities		
Unpaid claims liabilities	22,036,595	17,083,388
Due to Ottawa County	3,671,164	3,650,546
Total current liabilities	<u>25,707,759</u>	<u>20,733,934</u>
Net position - unrestricted	<u>\$ 19,670,422</u>	<u>\$ 23,073,652</u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY

(a Component Unit of Ottawa County)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Loss premium revenues	\$ 2,707,227	\$ 2,372,940
Insurance recoveries and other revenues	54,841	160,892
Total operating revenues	<u>2,762,068</u>	<u>2,533,832</u>
Operating expenses		
Claims and related expenses		
Claims and legal expenses paid	2,605,169	1,454,260
Increase (decrease) in unpaid claims liabilities	4,953,207	2,480,881
Excess insurance expense	1,016,990	784,275
Risk management and other expenses		
Risk management, administrative services and other expenses	303,469	267,498
Investment management fees	134,855	151,837
Total operating expenses	<u>9,013,690</u>	<u>5,138,751</u>
Operating income (loss)	<u>(6,251,622)</u>	<u>(2,604,919)</u>
Nonoperating revenues		
Investment revenue	1,066,850	1,654,174
Investment gain (loss) realized and unrealized	2,840,116	(9,673,012)
Total nonoperating revenues	<u>3,906,966</u>	<u>(8,018,838)</u>
Income (loss) before transfers	<u>(2,344,656)</u>	<u>(10,623,757)</u>
Amount paid to Ottawa County	<u>(1,058,574)</u>	<u>(2,082,688)</u>
Change in net position	<u>(3,403,230)</u>	<u>(12,706,445)</u>
Net position, beginning of year	<u>23,073,652</u>	<u>35,780,097</u>
Net position, end of year	<u>\$ 19,670,422</u>	<u>\$ 23,073,652</u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY

(a Component Unit of Ottawa County)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Loss premiums collected	\$ 2,707,227	\$ 2,372,940
Insurance recoveries and other revenues collected	63,744	195,272
Custodial funds received (paid)	69,142	(81,528)
Claims and related expenses paid	(2,605,169)	(1,454,260)
Administration and other expenses paid	(1,584,040)	(1,370,250)
	<u>(1,349,096)</u>	<u>(337,826)</u>
Net cash provided by (used in) operating activities		
	<u>(1,349,096)</u>	<u>(337,826)</u>
Cash flows from noncapital financing activities		
Amount paid to Ottawa County	(1,058,574)	(2,082,688)
	<u>(1,058,574)</u>	<u>(2,082,688)</u>
Cash flows from investing activities		
Purchase of investments	(21,091,959)	(13,484,706)
Proceeds from sale and redemption of investments	22,724,090	14,158,588
Investment income received	1,077,425	1,638,942
	<u>2,709,556</u>	<u>2,312,824</u>
Net cash provided by (used in) investing activities		
	<u>2,709,556</u>	<u>2,312,824</u>
Net increase (decrease) in cash and cash equivalents	301,886	(107,690)
Cash and cash equivalents, beginning of year	686,392	794,082
	<u>686,392</u>	<u>794,082</u>
Cash and cash equivalents, end of year	<u>\$ 988,278</u>	<u>\$ 686,392</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (6,251,622)	\$ (2,604,919)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in prepaid insurance	(80,202)	(141,193)
(Increase) decrease in due from Ottawa County	3,600	39,683
(Increase) decrease in accounts receivable	5,303	(5,303)
Increase (decrease) in unpaid claims liabilities	4,953,207	2,480,881
Increase (decrease) in due to Ottawa County	20,618	(106,975)
	<u>20,618</u>	<u>(106,975)</u>
Net cash provided by (used in) operating activities	<u>\$ (1,349,096)</u>	<u>\$ (337,826)</u>

The accompanying notes are an integral part of these financial statements.

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OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ottawa County, Michigan Insurance Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Authority was organized for the purpose of providing insurance coverage and risk management and related services to participating public entities pursuant to State of Michigan Act No. 36 of the Public Acts of 1988.

The Authority was formed by Ottawa County and the Ottawa County Building Authority, the original participating public entities. Additional public entities may be admitted by unanimous vote of all current participating public entities. Presently, no additional public entities have applied or been admitted for participation. The Authority generally insures participant liability and property risk based on annual coverage agreements.

The Authority is governed by a Board consisting of one appointed and four elected officials of Ottawa County and one elected or appointed official from each other participating public entity.

The Authority is a blended component unit of Ottawa County. Accordingly, the Authority's financial statements are included in the County's Comprehensive Annual Financial Report. The Authority is considered to be a component unit of the County because the County has the ability to significantly influence operations and has accountability for fiscal matters.

In 1992, the Authority issued its first indemnity contracts to participating public entities and accordingly began collecting premiums, processing and adjusting claims, and paying losses. Prior to 1992, the Authority's activity was limited to investment of the original capital contributions from Ottawa County and recording related investment income and fees.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's operating fund, an *internal service fund* (a type of proprietary fund), is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the related cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are member insurance premiums. Operating expenses include the cost of claims, risk management and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of money market mutual funds and are carried at fair value.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

Amounts Due to/from Primary Government

During the course of operations, numerous transactions occur between the Authority and Ottawa County for goods provided and services rendered. These payables/receivables are classified as due to/from Ottawa County on the statement of net position.

Prepaid Insurance

Certain payments to vendors represent insurance costs applicable to future accounting periods and are recorded as prepaid insurance in the financial statements.

Unpaid Claims Liabilities

The Authority records unpaid claims liabilities based on estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, damage awards and changes in legal liability doctrines, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are (or will be) recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency and other economic and societal factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

2. DEPOSITS AND INVESTMENTS

The Authority's investments with the exception of money market funds are held in a trust account at local banks. Public Act 218 of 1956 (the Insurance Code of 1956) establishes asset requirements for domestic insurers. Qualified assets as defined thereunder include investments in domestic and foreign stocks, bonds, and other indebtedness of solvent corporations as approved by the insurer's governing body entrusted with its investments, subject to certain percentage of portfolio limitations. Generally, the statute does not prohibit investments in any asset otherwise permitted to be held by any other person or corporation under Michigan laws. All of the Authority's investments comply with State statutes.

Custodial Credit Risk. The Authority's cash and cash equivalents consist of money market funds that amounted to \$1,092,345 and \$686,392 at September 30, 2023 and 2022 (before considering outstanding checks), respectively. The money market funds are rated AAAM by S&P and are not subject to custodial risk categorization because they are not evidenced by a specific security. At September 30, 2023 and 2022, the Authority did not have any custodial credit risk on its remaining investments.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

The cost and estimated fair values of unrestricted investments in debt securities, mutual funds and real estate at September 30, are summarized as follows:

	<u>Cost</u>	<u>Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
2023				
Debt securities				
Federal agency mortgage-backed	\$ 32,329	\$ -	\$ 3,231	\$ 29,098
U.S. Treasury notes	1,865,865	-	22,646	1,843,219
Asset-backed securities	738,238	-	30,575	707,663
Corporate notes	3,796,593	-	223,311	3,573,282
Land	747,366	-	-	747,366
Mutual funds				
Bond	11,811,177	-	1,831,364	9,979,813
Equity	2,795,632	-	208,924	2,586,708
Exchange-traded funds				
Bond	1,119,626	-	159,964	959,662
Equity	18,022,502	819,318	-	18,841,820
Total	\$40,929,328	\$819,318	\$2,480,015	\$39,268,631

	<u>Cost</u>	<u>Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
2022				
Debt securities				
Federal agency mortgage-backed	\$ 45,875	\$ -	\$ 4,051	\$ 41,824
U.S. Treasury notes	2,846,389	-	157,868	2,688,521
Asset-backed securities	1,456,164	-	55,256	1,400,908
Commercial paper	247,973	1,214	-	249,187
Corporate notes	4,176,801	-	314,439	3,862,362
Land	747,366	-	-	747,366
Mutual funds				
Bond	9,475,190	-	1,555,729	7,919,461
Equity	3,674,080	-	677,074	2,997,006
Other	2,638,741	-	450,892	2,187,849
Exchange-traded funds				
Bond	1,614,761	-	280,104	1,334,657
Equity	16,272,536	-	1,863,997	14,408,539
Total	\$43,195,876	\$1,214	\$5,359,410	\$37,837,680

The calculation of realized gains and losses is independent of the calculation of net change in the fair value of investments. Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net change reported in the current and prior years.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

Interest Rate Risk. The Authority does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Authority had the following investments and maturities in debt securities (\$2,122,910 of which are callable) as of September 30:

	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities (fair value by year)</u>			
			<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over 10</u>
2023						
Federal agency mortgage-backed	\$ 32,329	\$ 29,098	\$ -	\$ 29,098	\$ -	\$ -
U.S. Treasury notes	1,865,865	1,843,219	-	1,843,219	-	-
Asset-backed securities	738,238	707,663	-	707,663	-	-
Mutual funds - bonds	11,811,177	9,979,813	-	3,284,853	6,694,960	-
Exchange-traded - bonds	1,119,626	959,662	-	-	959,662	-
Corporate notes	3,796,593	3,573,282	1,081,682	2,491,600	-	-
Total	\$19,363,828	\$17,092,737	\$1,081,682	\$8,356,433	\$7,654,622	\$ -

	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities (fair value by year)</u>			
			<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over 10</u>
2022						
Federal agency mortgage-backed	\$ 45,875	\$ 41,824	\$ -	\$ 41,824	\$ -	\$ -
U.S. Treasury notes	2,846,389	2,688,521	-	2,688,521	-	-
Asset-backed securities	1,456,164	1,400,908	-	1,400,908	-	-
Mutual funds - bonds	9,475,190	7,919,461	-	4,058,481	3,860,980	-
Exchange-traded - bonds	1,614,761	1,334,657	-	564,359	770,298	-
Commercial Paper	247,973	249,187	249,187	-	-	-
Corporate notes	4,176,801	3,862,362	122,377	3,739,985	-	-
Total	\$19,863,153	\$17,496,920	\$371,564	\$12,494,078	\$4,631,278	\$ -

Credit Risk. Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligation. The Authority's investment policy prohibits investments in notes or bonds rated below investment grade. As of September 30, 2023, the Authority's investments in federal agency mortgage-backed securities, federal agency collateralized mortgage obligations, federal agency notes and U.S. Treasury notes were rated Aaa by Moody's. Asset-backed securities were rated AAA by S&P and/or Aaa by Moody's. Bond Mutual funds of \$1,861,501 and \$8,118,312 were rated three stars, and four stars, respectively, by Morning Star. Exchange-traded bond funds of \$959,662 were rated 3 stars by Morning Star.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

The Authority's investments in corporate notes were rated by Moody's as follows (unless otherwise noted):

AAA	\$ 179,937
AA3	260,456
AA2	68,886
AA1	-
A3	416,893
A2	1,061,045
A1	1,100,676
BAA2	171,704
BAA1	313,685
	<u>\$3,573,282</u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's investment policy stipulates that investment managers may not invest more than 5% of the domestic equity, international equity or fixed income portfolio assets in the securities of one issuer at time of purchase, nor in more than 5% of the outstanding securities of one issuer. Excluding U.S. government guaranteed investments, mutual funds and pooled investments, the Authority had no investment in a single issuer that exceeded 5% of total investments at September 30, 2023.

Foreign Currency Risk. Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or deposit. The Authority's investment policy permits investing in foreign publicly held stocks, mutual funds, ETFs and other pooled investments. At September 30, 2023, the Authority had international equity mutual funds with a total fair market value of \$1,872,121 and international equity exchange traded funds with a total fair market value of \$5,311,940.

The Authority categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of September 30, 2023:

- The money market accounts, bond funds and equity mutual funds are valued using quoted market prices (Level 1 inputs).
- The debt securities are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The Authority investments in real estate are valued based on significant unobservable inputs (Level 3 inputs).

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

3. RESTRICTED INVESTMENTS

In 1998, to comply with Michigan Insurance Bureau regulations, the Authority transferred certain investments – i.e., U.S. Treasury Notes – to the Michigan Department of Treasury as security for the benefit of the Authority’s policyholders. As these investments mature, they are replaced with comparable investments to maintain a face value balance of \$5.0 million. Such investments held by the State Treasurer as of September 30, 2023 and 2022, are as summarized below.

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Fair Value</u>	
				<u>2023</u>	<u>2022</u>
U.S. Treasury Notes	12/31/2022	2.125%	\$1,360,000	\$ -	\$1,355,644
U.S. Treasury Notes	05/31/2023	1.625%	1,390,000	-	1,367,630
U.S. Treasury Notes	06/30/2024	2.000%	470,000	457,998	451,934
U.S. Treasury Notes	12/31/2025	0.375%	1,780,000	1,608,773	1,574,048
U.S. Treasury Notes	07/31/2026	0.625%	2,350,000	2,091,597	-
U.S. Treasury Notes	11/15/2026	2.000%	400,000	367,922	-
Total				<u>\$4,526,290</u>	<u>\$4,749,256</u>

4. PREPAID INSURANCE

Prepaid insurance is made up of the following balance for the years ended September:

	<u>2023</u>	<u>2022</u>
Property	\$ 78,064	\$ 73,000
General liability	366,694	268,940
Other	109,502	132,118
Total	<u>\$554,260</u>	<u>\$474,058</u>

5. CUSTODIAL FUNDS MANAGEMENT

Pursuant to an interpretation of State statutes by the Michigan Insurance Bureau (MIB), the Authority discontinued coverage of workers compensation claims effective January 1, 1996. The MIB allowed, however, that the Authority could continue to manage the monies of the County’s self-insured workers compensation fund in a custodial capacity provided that it: (1) did not cover or process claims; and (2) maintained sufficient deposits and/or investments of such a character and level to otherwise comply with State investment statutes for local governments. The Authority complied with these stipulations for 2023 and 2022.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

6. UNPAID CLAIMS LIABILITIES

As discussed in Note 1, the Authority establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Authority during the years ended September 30:

	<u>2023</u>	<u>2022</u>
Unpaid claims and claim adjustment expenses at the beginning of the year	\$17,083,388	\$14,602,507
Incurred claims and claim adjustment expenses (undiscounted)		
Provision for insured events of the current year	9,045,900	4,173,237
Increase (decrease) in provision for insured events of prior years	(1,487,524)	(238,096)
Total incurred claims and claim adjustment expenses	7,558,376	3,935,141
Payments		
Claims and claim adjustment expenses attributable to insured events of the current year	401,529	227,214
Claims and claim adjustment expenses attributable to insured events of the prior year	2,203,640	1,227,046
Total payments	2,605,169	1,454,260
Total unpaid claims and claim adjustment expenses at the end of the year	\$22,036,595	\$17,083,388

In 1996, upon advice of legal counsel and its actuary, the Authority established a liability for certain uninsured exposures (i.e., exposures excluded from commercially purchased policies and, generally, not subject to readily available policies in the market), including environmental impairment and remediation, employment relations, and defense of non-monetary claims. At September 30, 2023 the amount of this liability, which is included in the totals above, was \$10,500,000. In 2022, the amount of this liability was \$8,000,000. The confidence level utilized for the calculation of the liability for insured incurred but not reported claims, which is included in the total above, was 95% in 2023 and 95% in 2022.

7. EXCESS INSURANCE

The Authority engages in no reinsurance transactions and therefore there are no premiums ceded or losses recoverable which will affect the Authority's balance sheet. The Authority purchases excess insurance in the names of the County of Ottawa; Ottawa County Building Authority; County of Ottawa, Office of the Public Defender; and Ottawa County, Michigan Insurance Authority. Losses which exceed the excess insurance policy deductibles or retention are paid by the excess insurers on behalf of each covered entity. There are no losses or claims expenses recoverable from an excess insurer which will affect the Authority's statement of net position.

A schedule of excess insurance follows:

<u>COVERAGE</u>	<u>YEAR</u>	<u>Limits</u>	<u>Retention/ Deductible</u>
Excess General/Automobile/Public Officials Liability			
	4/1/18 – 4/1/21	\$10,000,000*	\$1,000,000^
	4/1/19 – 4/1/22	10,000,000*	1,000,000^
	4/1/22 – 4/1/23	5,000,000*	1,000,000^

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

<u>COVERAGE</u>	<u>YEAR</u>	<u>Limits</u>	<u>Retention/ Deductible</u>
Excess General/Automobile Liability			
	4/1/09 – 4/1/14	11,000,000*	1,000,000^
	4/1/14 – 4/1/19	5,000,000*	1,000,000^
	4/1/20 – 4/1/22	10,000,000*	1,000,000^
	4/1/22 – 4/1/23	5,000,000*	1,000,000^
	4/1/23 – 4/1/24	5,000,000*	1,500,000^
Excess Public Officials Liability			
	4/1/11 – 4/1/14	11,000,000*	1,000,000^
	4/1/14 – 4/1/18	5,000,000*	1,000,000^
	4/1/18 – 4/1/22	1,000,000*	1,000,000^
	4/1/22 – 4/1/23	5,000,000+	1,000,000^
	4/1/23 – 4/1/24	5,000,000+	1,500,000^
Lawyers Professional Liability (Public Defender)	11/1/18 – 4/1/24	2,000,000	5,000
Second Layer Excess Liability			
	4/1/14 – 4/1/18	5,000,000*	5,000,000
	4/1/18 – 4/1/19	5,000,000*	5,000,000
	4/1/23 – 4/1/24	5,000,000*	6,500,000
Automobile Liability			
	4/1/10 – 4/1/18	500,000	25,000
	4/1/18 – 4/1/22	500,000	20,000
	4/1/22 – 4/1/24	1,000,000	20,000
Property			
	4/1/15 – 4/1/16	138,600,000	50,000
	4/1/16 – 4/1/17	137,000,000	50,000
	4/1/17 – 4/1/18	138,200,000	50,000
	4/1/18 – 4/1/19	141,700,000	50,000
	4/1/20 – 4/1/22	150,100,000	50,000
	4/1/22 – 4/1/23	197,500,000	50,000
	4/1/23 – 4/1/24	211,100,000	50,000
Public Employee Dishonesty			
	4/1/11 – 4/1/13	1,000,000	25,000
	4/1/13 – 4/1/18	2,000,000	25,000
	4/1/18 – 4/1/22	3,000,000	100,000
	4/1/22 – 4/1/24	1,000,000	25,000
Privacy Liability	4/1/16 – 4/1/12	1,000,000*	25,000
Breach Policy	4/1/22 – 4/1/24	1,000,000	50,000
Governmental Crime	4/1/22 – 4/1/24	3,000,000	100,000

* Per occurrence and policy year aggregate. Policy year aggregate limit not applicable to automobile liability.

+ Per occurrence, policy year aggregate of \$10,000,000.

^ Per occurrence for general and public official's liability. \$1,000,000 per accident for auto liability.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

8. PREMIUM DEFICIENCY

The Authority has determined that a premium deficiency did not exist at September 30, 2023 or 2022. The Authority considered anticipated investment income in making this determination.

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REQUIRED SUPPLEMENTARY INFORMATION

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OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL CLAIMS DEVELOPMENT INFORMATION

	1986 to																	
	1991 (A)	1992	1993	1994 (C)	1995	1996 (D)	1997	1998	1999	2000	2001	2002	2003	2004	2005			
Loss premium and investment revenues	\$ -	\$ 1,229,319	\$ 1,441,923	\$ 1,530,430	\$ 1,631,066	\$ 1,272,013	\$ 1,326,315	\$ 1,414,804	\$ 1,527,955	\$ 1,437,975	\$ 1,552,616	\$ 1,657,986	\$ 1,885,825	\$ 2,090,638	\$ 2,126,231			
Estimated incurred claims and allocated loss adjustment expenses, end of policy year	1,070,247	455,251	349,515	794,982	799,613	2,643,981	741,416	862,448	1,071,908	1,996,252	1,652,919	1,514,478	1,225,971	1,655,863	1,833,338			
Paid (cumulative) as of:																		
End of policy year	252,746	23,521	21,375	96,563	41,243	61,374	57,888	77,872	58,601	172,327	101,158	182,395	93,623	95,865	156,961			
1 year later	507,387	68,883	59,536	138,363	71,981	71,898	79,905	91,517	66,842	196,873	164,777	249,749	154,455	180,123	222,798			
2 years later	656,630	73,381	71,570	137,679	97,801	117,670	87,692	103,579	70,968	224,385	184,120	235,167	150,034	192,769	228,298			
3 years later	700,369	89,334	77,205	139,078	105,031	141,729	90,371	117,208	64,777	285,881	166,367	246,397	169,905	242,003	232,894			
4 years later	722,260	94,217	83,526	140,038	150,782	385,509	90,875	117,620	66,800	180,017	173,403	262,037	259,135	257,563	245,492			
5 years later	744,069	93,512	84,926	141,781	158,222	386,013	90,745	117,620	57,360	186,700	173,403	276,018	259,135	304,629	245,492			
6 years later	764,453	93,512	84,926	143,526	158,222	415,256	90,745	117,620	57,360	629,066	173,403	299,784	259,135	304,629	245,492			
7 years later	784,027	93,512	84,926	161,129	158,222	429,900	90,745	117,620	57,360	629,066	173,403	308,745	259,135	304,629	245,492			
8 years later	784,027	93,512	84,926	161,129	158,222	434,514	90,745	117,620	57,360	629,066	173,403	313,718	259,135	304,629	245,492			
9 years later	784,027	93,512	84,926	161,129	158,222	441,407	90,745	117,620	57,360	629,066	173,403	313,857	259,135	304,629	248,318			
10 years later	784,027	93,512	84,926	161,129	158,222	1,767,749	90,745	117,620	57,360	629,066	173,403	322,283	259,135	304,629	248,318			
11 years later	784,027	93,512	84,926	161,129	158,222	1,815,330	90,745	117,620	57,360	629,066	173,403	327,386	259,135	304,629	248,318			
12 years later	784,027	93,512	84,926	161,129	158,222	1,826,174	90,745	117,620	57,360	629,066	173,403	329,538	259,135	304,629	248,318			
13 years later	784,027	93,512	84,926	161,129	158,222	1,835,152	90,745	117,620	57,360	635,342	173,403	334,561	259,135	304,629	248,318			
14 years later	784,027	93,512	84,926	161,129	158,222	1,835,152	90,745	117,620	57,360	641,555	173,403	334,771	259,135	304,629	248,318			
15 years later	784,027	93,512	84,926	161,129	158,222	1,835,152	90,745	117,620	57,360	643,595	173,403	337,871	259,135	304,629	248,318			
16 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745	117,620	57,360	646,913	173,403	338,516	259,135	304,629	248,318			
17 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745	117,620	57,360	647,665	173,403	338,516	259,135	304,629	248,318			
18 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745	117,620	57,360	650,524	173,403	338,516	259,135	304,629	248,318			
19 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745	117,620	57,360	650,524	173,403	338,516	259,135	304,629				
20 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745	117,620	57,360	652,478	173,403	338,516	259,135					
21 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745	117,620	57,360	656,086	173,403	338,516						
22 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745	117,620	57,360	657,046	173,403							
23 years later	784,027	93,512	84,926	161,129	158,222	1,837,516	90,745	117,620	57,360									
24 years later	784,027	93,512	84,926	161,129	158,222	1,837,516	90,745	117,620	57,360									
25 years later	784,027	93,512	84,926	161,129	158,222	1,837,516	90,745	117,620										
26 years later	784,027	93,512	84,926	161,129	158,222	1,836,616	90,745											
27 years later	784,027	93,512	84,926	161,129	158,222	1,837,516												
28 years later	784,027	93,512	84,926	161,129	158,222													
29 years later	784,027	93,512	84,926	161,129														
30 years later	784,027	93,512	84,926															
31 years later	784,027	93,512																
32 years later	784,027																	
Reestimated incurred claims and allocated loss adjustment expense:	(B)	455,251	349,515	794,982	799,613	2,643,981	741,416	862,448	1,071,908	1,996,252	1,652,919	1,514,478	1,225,971	1,655,863	1,833,338			
End of policy year	1,070,247	388,570	570,120	636,861	578,395	2,979,058	583,280	799,686	418,396	1,942,279	1,051,239	1,019,798	928,333	1,066,205	1,203,650			
1 year later	1,325,209	423,155	441,538	419,920	624,159	3,219,787	327,674	315,906	194,754	1,971,751	798,503	523,070	581,124	839,080	299,178			
2 years later	1,049,161	323,678	270,749	346,321	391,195	2,711,301	90,626	117,344	64,824	2,145,689	166,527	501,818	436,895	558,084	348,762			
3 years later	1,106,021	238,143	228,001	308,928	209,335	3,825,063	91,824	117,620	66,800	1,982,949	173,403	370,113	259,135	593,604	345,492			
4 years later	1,009,591	207,629	84,926	157,588	158,222	3,739,534	90,745	117,620	57,360	2,004,087	173,403	384,093	359,135	439,170	346,124			
5 years later	896,448	93,512	84,926	183,084	158,222	4,690,352	90,745	117,620	57,360	1,483,802	173,403	399,784	359,135	485,315	346,134			
6 years later	784,027	93,512	84,926	162,955	158,222	6,372,578	90,745	117,620	57,360	1,443,389	273,403	471,945	359,135	404,629	345,492			
7 years later	784,027	93,512	84,926	161,129	158,222	6,422,465	90,745	117,620	57,360	945,216	273,403	413,718	359,135	404,629	345,492			
8 years later	784,027	93,512	84,926	161,129	158,222	4,541,852	90,745	117,620	157,360	729,066	273,403	413,857	359,135	404,629	348,318			
9 years later	784,027	93,512	84,926	161,129	158,222	4,527,735	90,745	117,620	57,360	629,066	173,403	322,283	259,135	304,629	248,318			
10 years later	784,027	93,512	84,926	161,129	158,222	3,598,057	90,745	117,620	57,360	629,066	173,403	327,386	259,135	304,629	248,318			
11 years later	784,027	93,512	84,926	161,129	158,222	1,926,174	90,745	117,620	57,360	629,066	173,403	329,538	259,135	304,629	248,318			
12 years later	784,027	93,512	84,926	161,129	158,222	3,835,152	90,745	117,620	57,360	635,342	173,403	334,561	259,135	304,629	248,318			
13 years later	784,027	93,512	84,926	161,129	158,222	3,835,152	90,745	117,620	57,360	641,555	173,403	334,771	259,135	304,629	248,318			
14 years later	784,027	93,512	84,926	161,129	158,222	3,835,152	90,745	117,620	57,360	643,595	173,403	337,871	259,135	304,629	248,318			
15 years later	784,027	93,512	84,926	161,129	158,222	3,836,616	90,745	117,620	57,360	646,913	173,403	338,516	259,135	304,629	248,318			
16 years later	784,027	93,512	84,926	161,129	158,222	3,836,616	90,745	117,620	57,360	647,665	173,403	338,516	259,135	304,629	248,318			
17 years later	784,027	93,512	84,926	161,129	158,222	3,836,616	90,745	117,620	57,360	650,524	173,403	338,516	259,135	304,629				
18 years later	784,027	93,512	84,926	161,129	158,222	3,836,616	90,745	117,620	57,360	652,478	173,403	338,516	259,135	304,629	248,318			
19 years later	784,027	93,512	84,926	161,129	158,222	4,836,616	90,745	117,620	57,360	656,086	173,403	338,516						
20 years later	784,027	93,512	84,926	161,129	158,222	4,836,616	90,745	117,620	57,360	657,046	173,403							
21 years later	784,027	93,512	84,926															

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF UNPAID CLAIMS LIABILITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

	General Liability (A)		Automobile/Boat Damage & Liability		Property & Crime	
	2023	2022	2023	2022	2023	2022
Unpaid claims and claim adjustment expenses, beginning of year/period	\$ 4,913,652	\$ 4,086,626	\$ 278,158	\$ 46,471	\$ 3,025,058	\$ 1,984,240
Estimated incurred claims and claim adjustment expenses (undiscounted)						
Provisions for current year insured events	5,043,422	1,604,405	262,180	423,669	88,474	63,810
Increase (decrease) in provision for prior year insured events	1,136,356	121,718	(82,780)	64,594	(1,325,164)	1,275,595
Total estimated incurred claims and claim adjustment expenses	6,179,778	1,726,123	179,400	488,263	(1,236,690)	1,339,405
Payments						
Claims and claim adjustment expenses attributable to current year insured events	122,708	42,998	247,108	152,133	31,713	32,083
Claims and claim adjustment expenses attributable to prior year insured events	436,207	856,099	189,054	104,443	1,578,379	266,504
Total payments	558,915	899,097	436,162	256,576	1,610,092	298,587
Total unpaid claims and claim adjustment expenses, end of year	\$ 10,534,515	\$ 4,913,652	\$ 21,396	\$ 278,158	\$ 178,276	\$ 3,025,058

(A) Includes police and public officials liability coverage.

(B) Includes environmental impairment liability, employment relations liability and defense of non-monetary claims.

Medical Professional Liability		Sudden & Accidental Breakdown		Uninsured Exposures (B)		Totals	
2023	2022	2023	2022	2023	2022	2023	2022
\$ 866,520	\$ 485,170	\$ -	\$ -	\$ 8,000,000	\$ 8,000,000	\$ 17,083,388	\$ 14,602,507
426,824	481,353	-	-	3,225,000	1,600,000	9,045,900	4,173,237
(490,936)	(100,003)	-	-	(725,000)	(1,600,000)	(1,487,524)	(238,096)
(64,112)	381,350	-	-	2,500,000	-	7,558,376	3,935,141
-	-	-	-	-	-	401,529	227,214
-	-	-	-	-	-	2,203,640	1,227,046
-	-	-	-	-	-	2,605,169	1,454,260
\$ 802,408	\$ 866,520	\$ -	\$ -	\$ 10,500,000	\$ 8,000,000	\$ 22,036,595	\$ 17,083,388

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

**SUPPLEMENTAL COMPARATIVE SCHEDULE OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION**

	*** 2023	*** 2022	*** 2021	*** 2020	*** 2019
Operating revenues					
Loss premium revenues	\$ 2,707,227	\$ 2,372,940	\$ 2,007,944	\$ 1,832,643	\$ 1,793,018
Insurance recoveries and other revenues	54,841	160,892	48,969	3,829	119,216
Total operating revenues	2,762,068	2,533,832	2,056,913	1,836,472	1,912,234
Operating expenses					
Claims and legal expenses paid	2,605,169	1,454,260	657,960	861,737	587,224
Increase (decrease) in unpaid claims liability	4,953,207	2,480,881	1,495,069	302,199	1,187,804
Excess insurance expense	1,016,990	784,275	549,262	440,380	422,520
Risk management, administrative services and other expenses	303,469	267,498	229,162	264,161	193,155
Investment management fees	134,855	151,837	153,476	118,320	141,620
Total operating expenses	9,013,690	5,138,751	3,084,929	1,986,797	2,532,323
Operating income (loss)	(6,251,622)	(2,604,919)	(1,028,016)	(150,325)	(620,089)
Nonoperating revenues (expenses)					
Investment revenue	1,066,850	1,654,174	984,643	1,015,256	992,814
Investment gain (loss) realized and unrealized	2,840,116	(9,673,012)	6,362,990	3,422,202	316,468
Total nonoperating revenues (expenses)	3,906,966	(8,018,838)	7,347,633	4,437,458	1,309,282
Income (loss) before transfers	(2,344,656)	(10,623,757)	6,319,617	4,287,133	689,193
Transfer to Ottawa County	(1,058,574)	(2,082,688)	(2,674,281)	(276,375)	(691,708)
Change in net position	(3,403,230)	(12,706,445)	3,645,336	4,010,758	(2,515)
Net position, beginning of year/period	23,073,652	35,780,097	32,134,761	28,124,003	28,126,518
Net position, end of year/period	\$ 19,670,422	\$ 23,073,652	\$ 35,780,097	\$ 32,134,761	\$ 28,124,003

* For the 12-month year ended December 31.

** For the 9-month period ended September 30.

*** For the 12-month year ended September 30.

***	***	**	*	*
2018	2017	2016	2015	2014
\$ 1,787,140	\$ 1,601,809	\$ 1,234,097	\$ 1,682,928	\$ 1,670,960
72,687	5,767	8,157	18,977	32,571
1,859,827	1,607,576	1,242,254	1,701,905	1,703,531
560,988	383,607	267,416	466,677	461,251
631,929	2,397,853	929,353	369,798	212,544
435,335	417,411	302,907	375,517	340,831
467,048	249,911	177,312	216,780	212,248
118,132	106,223	81,194	86,993	84,792
2,213,432	3,555,005	1,758,182	1,515,765	1,311,666
(353,605)	(1,947,429)	(515,928)	186,140	391,865
870,218	785,439	477,686	626,705	548,011
1,819,704	2,620,225	938,412	(11,200)	1,223,184
2,689,922	3,405,664	1,416,098	615,505	1,771,195
2,336,317	1,458,235	900,170	801,645	2,163,060
(150,000)	(197,599)	(57,783)	(245,500)	(150,000)
2,186,317	1,260,636	842,387	556,145	2,013,060
25,940,201	24,679,565	23,837,178	23,281,033	21,267,973
\$ 28,126,518	\$ 25,940,201	\$ 24,679,565	\$ 23,837,178	\$ 23,281,033

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STATISTICAL SECTION

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF INVESTMENTS - DEBT SECURITIES

SEPTEMBER 30, 2023 and 2022

	Credit Rating	Maturity	Interest Rate	2023			2022		
				Face Value	Cost	Fair Value	Face Value	Cost	Fair Value
FEDERAL AGENCY MORTGAGE-BACKED SECURITY									
FNMA POOL #AV0349	AAA	12/01/28	3.500%	\$ 30,414	\$ 32,329	\$ 29,098	\$ 43,158	\$ 45,875	\$ 41,824
U.S. TREASURY NOTES									
US TREASURY NOTES	AAA	12/31/25	0.375%				415,000	403,409	366,951
US TREASURY NOTES	AAA	04/30/26	0.750%				100,000	95,695	88,562
US TREASURY NOTES	AAA	04/30/26	0.750%				200,000	193,164	177,125
US TREASURY NOTES	AAA	07/31/26	0.625%				250,000	227,656	218,711
US TREASURY NOTES	AAA	07/31/26	0.625%				425,000	389,058	371,809
US TREASURY NOTES	AAA	07/31/26	0.625%				575,000	529,360	503,035
US TREASURY NOTES	AAA	07/31/26	0.625%				1,100,000	1,008,047	962,328
US TREASURY NOTES	AAA	07/31/27	2.750%	800,000	744,125	745,250	-	-	-
US TREASURY NOTES	AAA	11/15/27	2.250%	525,000	483,369	477,422	-	-	-
US TREASURY NOTES	AAA	01/31/28	3.500%	650,000	638,371	620,547	-	-	-
				1,975,000	1,865,865	1,843,219	3,065,000	2,846,389	2,688,521
ASSET-BACKED SECURITIES									
BACCT 2021-A1 A	AAA	09/15/26	0.440%	10,000	10,000	9,719	10,000	10,000	9,405
BACCT 2023-A1 A	AAA	05/15/28	4.790%	35,000	34,992	34,512	-	-	-
BMWLT 2021-1 A4	AAA	07/25/24	0.370%	-	-	-	30,000	29,999	29,165
CARMX 2020-4 A4	AAA	06/15/26	0.630%	100,000	99,999	94,803	100,000	99,999	93,506
CARMX 2021-1 A4	AAA	10/15/26	0.530%	50,000	49,997	46,604	50,000	49,997	46,273
CARMX 2021-2 A3	AAA	02/17/26	0.520%	20,958	20,953	20,333	40,000	39,991	38,728
GMALT 2021-1 A4	AAA	02/20/25	0.330%	25,000	24,995	23,579	30,000	29,995	29,281
GMCAR 2021-1 A4	AAA	05/17/27	0.540%				25,000	24,995	23,252
HART 2021-A A3	AAA	09/15/25	0.380%	10,861	10,860	10,647	25,000	24,997	24,133
HAROT 2020-3 A4	AAA	04/19/27	0.460%	70,000	69,981	68,923	70,000	69,981	66,814
HAROT 2021-2 A4	AAA	08/16/27	0.550%	125,000	124,990	117,995	125,000	124,990	115,042
HDMOT 2021-A A3	AAA	04/15/26	0.370%	8,388	8,387	8,229	23,361	23,356	22,842
JDOT 2021-A A3	AAA	09/15/25	0.360%	8,642	8,640	8,443	20,000	19,996	19,221
NAROT 2021-A A3	AAA	10/15/25	0.330%	68,135	68,134	66,089	115,000	114,998	110,142
NALT 2020-B A4	AAA	01/15/26	0.490%				125,000	124,972	123,452
MBALT 2020-B A4	AAA	06/15/26	0.500%				100,000	99,987	98,412
CCCIT 2018-A6 A6	AAA	12/07/24	3.210%				100,000	99,983	99,941
CNH 2021-A A3	AAA	12/15/25	0.400%	17,943	17,939	17,426	35,000	34,992	33,567
TAOT 2021-B A3	AAA	11/17/25	0.260%	67,716	67,709	65,851	125,000	124,987	119,722
VZMT 2021-1 A	AAA	05/20/27	0.500%	75,000	74,995	72,481	75,000	74,995	70,045
VZOT 2020-B A	AAA	02/20/25	0.470%	677	677	674	87,994	87,975	86,708
WOART 2018-D A4	AAA	12/15/24	3.440%				100,000	99,988	99,998
WOART 2021-B A4	AAA	06/15/27	0.690%	45,000	44,990	41,355	45,000	44,990	41,259
				738,320	738,238	707,663	1,456,355	1,456,164	1,400,908
COMMERCIAL PAPER									
NATIXIS NY BRANCH COMM PAPER	P-1	11/04/22	0.000%	-	-	-	250,000	247,973	249,187

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF INVESTMENTS - DEBT SECURITIES

SEPTEMBER 30, 2023 and 2022

	Credit Rating	Maturity	Interest Rate	2023			2022		
				Face Value	Cost	Fair Value	Face Value	Cost	Fair Value
CORPORATE NOTES									
ABBVIE INC	BAA2	11/14/23	3.750%	\$ -	\$ -	\$ -	\$ 75,000	\$ 74,904	\$ 74,196
AMAZON.COM INC CORP NOTES	A1	06/03/25	0.800%	150,000	149,942	138,937	150,000	149,942	136,053
AMERICAN EXPRESS CO	A2	07/30/24	2.500%	100,000	99,678	97,276	100,000	99,678	95,769
AMERICAN HONDA FINANCE	A3	06/27/24	2.400%	100,000	99,775	97,489	100,000	99,775	96,086
APPLE INC CORP	AAA	02/08/26	0.700%	200,000	199,550	179,937	200,000	199,550	176,172
ASTRAZENECA FINANCE LLS	A3	05/28/26	1.200%	50,000	49,937	44,926	50,000	49,937	43,888
AT&T INC	BAA2	02/08/26	0.700%	50,000	50,000	49,509	-	-	-
BANK OF AMERICA CORP	A2	10/24/26	1.197%	80,000	80,000	72,348	80,000	80,000	69,714
BANK OF MONTREAL CORP	A2	06/28/24	2.500%	175,000	174,976	170,615	175,000	174,976	167,790
BANK OF NOVA SCOTIA	A2	02/11/24	3.400%	-	-	-	175,000	174,841	171,594
BANK OF NY MELLON CORP NOTES	A1	01/26/27	2.050%	100,000	90,927	89,384	-	-	-
BANK OF NY MELLON CORP NOTES	A1	07/24/26	4.414%	40,000	40,000	38,851	40,000	40,000	39,089
BB&T CORPORATION	A3	08/01/24	2.500%	100,000	99,916	96,942	100,000	99,916	95,762
CANADIAN IMPERIAL BANK NY CORP	A2	04/02/24	3.100%	150,000	149,196	147,686	150,000	149,196	145,932
CAPITAL ONE FINANCIAL CORP	BAA1	01/29/24	3.900%	75,000	74,838	74,437	75,000	74,838	73,885
CATERPILLAR FINANCIAL SERVICE CORP	A2	01/08/27	1.700%	75,000	74,621	67,151	75,000	74,621	66,217
CHARLES SCHWAB CORP	A2	03/11/26	0.900%	75,000	74,908	66,467	75,000	74,908	65,305
CHEVRON USA INC CORP	AA2	08/12/25	0.687%	75,000	75,000	68,886	75,000	75,000	67,066
CISCO SYSTEMS INC	A1	06/15/25	3.500%	125,000	122,219	120,980	-	-	-
CITIGROUP CORP	A3	05/15/24	1.678%	-	-	-	75,000	75,000	73,386
CITIGROUP CORP CALLABLE	A3	01/28/27	1.122%	80,000	80,000	71,266	80,000	80,000	68,408
COMCAST CORP	A3	11/15/27	5.350%	20,000	19,991	19,986	-	-	-
CVS HEALTH CORP	BAA2	08/15/24	2.625%	75,000	74,614	72,924	75,000	74,614	72,040
ELI LILLY & CO	A1	02/27/26	5.000%	45,000	44,926	44,931	-	-	-
FIFTH THIRD BANK CORP NOTE	BAA1	01/28/25	2.375%	80,000	79,978	75,976	80,000	79,978	74,530
GENERAL MOTORS FINL CO	BAA3	08/18/23	1.700%	-	-	-	50,000	49,952	48,503
GLAXOSMITHKLINE CAPITAL CORPORATE NOTES	A2	10/01/23	0.534%	-	-	-	50,000	50,000	47,969
GOLDMAN SACHS GROUP	A2	12/09/26	1.093%	75,000	75,000	66,776	75,000	75,000	64,773
HONEYWELL INTL CORP NOTES	A2	06/01/25	1.350%	70,000	69,993	65,545	70,000	69,993	64,392
JOHN DEERE CAPITAL	A2	03/08/27	2.350%	75,000	69,262	68,030	-	-	-
JOHNSON & JOHNSON CORP	AAA	09/01/25	0.550%	-	-	-	200,000	199,782	179,048
JP MORGAN CHASE CORP	A2	07/15/25	3.900%	50,000	56,589	48,441	50,000	56,589	48,276
JP MORGAN CHASE CORP	A2	11/19/26	1.045%	100,000	100,000	89,289	100,000	100,000	86,421
KEURIG DR PEPPER INC COROPORATE NOTES	BAA1	03/15/24	0.750%	50,000	49,999	48,840	50,000	49,999	46,985
MCCORMICK & CO	BAA2	02/15/26	0.900%	55,000	54,855	49,271	55,000	54,855	47,662
MCDONALD'S CORP	BAA1	09/01/25	1.450%	75,000	74,862	69,376	75,000	74,862	68,078
MERCK & CO INC	A1	05/17/28	4.050%	25,000	24,980	23,982	-	-	-
MORGAN STANLEY CALLABLE	A1	12/10/26	0.985%	75,000	75,000	66,838	75,000	75,000	64,689
NATIONAL RURAL UTIL COOP	A2	06/15/26	1.000%	100,000	99,743	89,007	100,000	99,743	87,266
NATIONAL AUSTRALIA BK/NY	AA3	06/09/27	3.905%	125,000	121,768	117,636	-	-	-
PACCAR FINANCIAL CORP	A1	08/15/24	2.150%	100,000	99,779	97,045	100,000	99,779	95,631
PROCTER & GAMBLE CO	AA3	01/26/28	3.950%	125,000	124,871	120,476	-	-	-
ROYAL BANK OF CANADA CORP	A1	01/20/26	0.875%	200,000	199,844	179,120	200,000	199,844	173,500
SIMON PROPERTY GROUP LP	A3	06/01/23	2.750%	-	-	-	75,000	74,864	73,874
SIMON PROPERTY GROUP LP	A3	09/13/24	2.000%	85,000	84,916	81,871	85,000	84,916	80,147
TARGET CORP NOTES CALLABLE	A2	01/15/27	1.950%	15,000	14,974	13,534	15,000	14,974	13,446
TEXAS INSTRUMENTS INC CORP	AA3	09/15/26	1.125%	25,000	25,000	22,344	25,000	25,000	21,957
TORONTO DOMINION BANK CORP	A1	06/12/24	2.650%	-	-	-	200,000	199,972	191,845
TOYOTA MOTOR CREDIT CORP	A1	02/13/25	1.800%	25,000	25,348	23,746	25,000	25,348	23,351
TOYOTA MOTOR CREDIT CORP	A1	02/13/25	1.800%	50,000	50,489	47,493	50,000	50,489	46,702
UNION PACIFIC CORP	A3	02/21/26	4.750%	50,000	49,967	49,339	-	-	-
UNITEDHEALTH GROUP INC	A3	05/15/26	1.150%	75,000	74,869	67,475	75,000	74,869	66,156
US BANCORP	A2	07/30/24	2.400%	-	-	-	200,000	199,804	191,597
VERIZON COMMUNICATIONS CORP	BAA1	03/20/26	1.450%	50,000	49,901	45,056	50,000	49,901	44,157
WALT DISNEY CORP	A2	08/30/24	1.750%	100,000	99,592	96,557	100,000	99,592	94,514
WELLS FARGO COMPANY	A1	05/19/25	0.805%	20,000	20,000	19,291	20,000	20,000	18,541
				3,815,000	3,796,593	3,573,282	4,175,000	4,176,801	3,862,362
				\$ 6,558,734	\$ 6,433,025	\$ 6,153,262	\$ 8,989,513	\$ 8,773,202	\$ 8,242,802

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF INVESTMENTS - MUTUAL FUNDS

SEPTEMBER 30, 2023 and 2023

	2023			2022		
	Shares	Cost	Fair Value	Shares	Cost	Fair Value
MUTUAL FUNDS - BOND						
VOYA INTERMEDIATE BOND-I	224,255	\$ 2,237,974	\$ 1,859,077	193,924	\$ 1,986,748	\$ 1,642,540
BAIRD CORE PLUS BOND	342,172	3,796,821	3,284,853	249,235	2,867,518	2,422,566
DOUBLELINE CORE FIXED INCOME	209,865	2,218,241	1,861,501	178,010	1,926,680	1,635,915
PRUDENTIAL TOTAL RETURN	260,911	3,558,141	2,974,382	193,924	2,694,244	2,218,440
		11,811,177	9,979,813		9,475,190	7,919,461
MUTUAL FUNDS - EQUITY						
HARDING LOEVNER INTERNATIONAL	20,342	586,580	488,816	42,256	1,126,315	883,568
HRTFRD SCHR EM MRKT EQ-SDR	22,932	348,334	336,410	37,379	720,830	503,124
JENSEN QUALITY GROWTH-Y	12,363	670,838	714,587	23,539	1,183,355	1,208,279
JOHCM INTERNATIONAL SELECT I	23,770	642,880	507,966	22,663	643,580	402,035
GOLDMAN SACHS GQG PTNERS INTL OPPTS INSTL	29,891	547,000	538,929	-	-	-
		2,795,632	2,586,708		3,674,080	2,997,006
MUTUAL FUNDS - OTHER						
COHEN & STEERS INST REALTY SHARES	-	-	-	15,168	747,140	636,277
PIMCO COMMODITY REAL RETURN STRATEGY	-	-	-	178,074	1,150,809	918,860
PRINCIPAL RE SECURITIES INST FUND	-	-	-	25,258	740,792	632,712
		-	-		2,638,741	2,187,849
EXCHANGE-TRADE FUNDS - BONDS						
ISHARES INTERMEDIATE-TERM CO	2,150	109,198	104,597	6,679	396,599	322,462
ISHARES INTERMEDIATE-TERM CO	305	18,038	14,838	321	18,511	15,498
ISHARES INTERMEDIATE-TERM CO	405	22,959	19,703	305	18,038	14,725
ISHARES INTERMEDIATE-TERM CO	406	23,138	19,752	1,421	83,171	68,606
ISHARES INTERMEDIATE-TERM CO	1,421	83,171	69,132	1,515	76,250	73,144
ISHARES INTERMEDIATE-TERM CO	1,515	76,250	73,705	405	22,959	19,553
ISHARES INTERMEDIATE-TERM CO	6,679	396,599	324,933	406	23,138	19,602
ISHARES INTERMEDIATE-TERM CO	321	18,511	15,617	-	-	-
ISHARES PREFERRED & INCOME SECURITIES	-	-	-	17,820	694,624	564,359
ISHARES CORE U.S. AGGREGATE	506	50,281	47,584	1,764	201,360	169,944
ISHARES CORE U.S. AGGREGATE	693	80,111	65,170	693	80,111	66,764
ISHARES CORE U.S. AGGREGATE	1,764	201,361	165,887	-	-	-
ISHARES CORE U.S. AGGREGATE	412	40,009	38,744	-	-	-
		1,119,626	959,662		1,614,761	1,334,657
EXCHANGE-TRADE FUNDS - EQUITY						
VANGUARD TOTAL INTL STOCK	10,315	541,641	552,059	2,318	150,160	106,095
VANGUARD TOTAL INTL STOCK	2,318	150,160	124,059	7,090	451,137	324,509
VANGUARD TOTAL INTL STOCK	2,893	162,587	154,833	1,433	80,262	65,588
VANGUARD TOTAL INTL STOCK	25,459	1,493,679	1,362,566	27,402	1,607,675	1,254,190
VANGUARD TOTAL INTL STOCK	7,090	451,137	379,457	10,315	541,641	472,118
VANGUARD TOTAL INTL STOCK	2,893	163,541	154,833	-	-	-
VANGUARD TOTAL INTL STOCK	1,433	80,262	76,694	-	-	-
VANGUARD TOTAL INTL STOCK	20,031	1,035,002	1,072,059	-	-	-
VANGUARD TOTAL STOCK MKT ETF	1,120	214,532	237,899	42,352	7,987,587	7,600,914
VANGUARD TOTAL STOCK MKT ETF	1,676	328,781	355,999	1,120	214,532	201,006
VANGUARD TOTAL STOCK MKT ETF	805	158,649	170,990	402	78,695	72,147
VANGUARD TOTAL STOCK MKT ETF	375	74,842	79,654	-	-	-
VANGUARD TOTAL STOCK MKT ETF	33,082	6,239,265	7,026,948	-	-	-
VANGUARD TOTAL STOCK MKT ETF	374	74,142	79,441	-	-	-
VANGUARD TOTAL STOCK MKT ETF	3,074	692,664	652,948	-	-	-
VANGUARD TOTAL STOCK MKT ETF	402	78,695	85,389	-	-	-
VANGUARD TOTAL STOCK MKT ETF	22,789	4,649,867	4,840,612	-	-	-
VANGUARD FTSE ALL-WLD EX-S SMCP ETF	1,685	189,529	178,947	-	-	-
VANGUARD FTSE ALL-WLD EX-S SMCP ETF	1,685	188,653	178,947	-	-	-
VANGUARD FTSE DEVELOPED MARKETS ETF	5,273	209,233	230,536	7,110	354,856	258,520
VANGUARD FTSE DEVELOPED MARKETS ETF	11,134	467,183	486,778	15,719	623,730	571,543
VANGUARD FTSE DEVELOPED MARKETS ETF	-	-	-	5,267	259,818	191,508
VANGUARD FTSE DEVELOPED MARKETS ETF	-	-	-	11,454	454,495	416,467
INVESCO S&P 500 EQUAL WEIGHT ETF	-	-	-	3,758	589,555	478,318
INVESCO S&P 500 EQUAL WEIGHT ETF	-	-	-	2,765	382,371	351,929
INVESCO S&P 500 EQUAL WEIGHT ETF	-	-	-	2,816	438,986	358,421
ISHARES MSCI EMERGING MKTS EX CHINA	3,614	188,470	180,086	-	-	-
ISHARES MSCI EMERGING MKTS EX CHINA	3,614	189,988	180,086	-	-	-
ISHARES CORE S&P SMALL-CAP E	-	-	-	1,448	155,298	126,251
ISHARES CORE S&P SMALL-CAP E	-	-	-	3,676	431,415	320,510

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF INVESTMENTS - MUTUAL FUNDS

SEPTEMBER 30, 2023 and 2023

	2023			2022		
	Shares	Cost	Fair Value	Shares	Cost	Fair Value
MUTUAL FUNDS - BOND						
VOYA INTERMEDIATE BOND-I	224,255	\$ 2,237,974	\$ 1,859,077	193,924	\$ 1,986,748	\$ 1,642,540
BAIRD CORE PLUS BOND	342,172	3,796,821	3,284,853	249,235	2,867,518	2,422,566
DOUBLELINE CORE FIXED INCOME	209,865	2,218,241	1,861,501	178,010	1,926,680	1,635,915
PRUDENTIAL TOTAL RETURN	260,911	3,558,141	2,974,382	193,924	2,694,244	2,218,440
		<u>11,811,177</u>	<u>9,979,813</u>		<u>9,475,190</u>	<u>7,919,461</u>
MUTUAL FUNDS - EQUITY						
HARDING LOEVNER INTERNATIONAL	20,342	586,580	488,816	42,256	1,126,315	883,568
HRTFRD SCHR EM MRKT EQ-SDR	22,932	348,334	336,410	37,379	720,830	503,124
JENSEN QUALITY GROWTH-Y	12,363	670,838	714,587	23,539	1,183,355	1,208,279
JOHCM INTERNATIONAL SELECT I	23,770	642,880	507,966	22,663	643,580	402,035
GOLDMAN SACHS GQG PTNERS INTL OPPS INSTL	29,891	547,000	538,929	-	-	-
		<u>2,795,632</u>	<u>2,586,708</u>		<u>3,674,080</u>	<u>2,997,006</u>
MUTUAL FUNDS - OTHER						
COHEN & STEERS INST REALTY SHARES	-	-	-	15,168	747,140	636,277
PIMCO COMMODITY REAL RETURN STRATEGY	-	-	-	178,074	1,150,809	918,860
PRINCIPAL RE SECURITIES INST FUND	-	-	-	25,258	740,792	632,712
		<u>-</u>	<u>-</u>		<u>2,638,741</u>	<u>2,187,849</u>
EXCHANGE-TRADE FUNDS - BONDS						
ISHARES INTERMEDIATE-TERM CO	2,150	109,198	104,597	6,679	396,599	322,462
ISHARES INTERMEDIATE-TERM CO	305	18,038	14,838	321	18,511	15,498
ISHARES INTERMEDIATE-TERM CO	405	22,959	19,703	305	18,038	14,725
ISHARES INTERMEDIATE-TERM CO	406	23,138	19,752	1,421	83,171	68,606
ISHARES INTERMEDIATE-TERM CO	1,421	83,171	69,132	1,515	76,250	73,144
ISHARES INTERMEDIATE-TERM CO	1,515	76,250	73,705	405	22,959	19,553
ISHARES INTERMEDIATE-TERM CO	6,679	396,599	324,933	406	23,138	19,602
ISHARES INTERMEDIATE-TERM CO	321	18,511	15,617	-	-	-
ISHARES PREFERRED & INCOME SECURITIES	-	-	-	17,820	694,624	564,359
ISHARES CORE U.S. AGGREGATE	506	50,281	47,584	1,764	201,360	169,944
ISHARES CORE U.S. AGGREGATE	693	80,111	65,170	693	80,111	66,764
ISHARES CORE U.S. AGGREGATE	1,764	201,361	165,887	-	-	-
ISHARES CORE U.S. AGGREGATE	412	40,009	38,744	-	-	-
		<u>1,119,626</u>	<u>959,662</u>		<u>1,614,761</u>	<u>1,334,657</u>
EXCHANGE-TRADE FUNDS - EQUITY						
VANGUARD TOTAL INTL STOCK	10,315	541,641	552,059	2,318	150,160	106,095
ISHARES CORE S&P SMALL-CAP E	-	-	-	1,096	117,074	95,560
ISHARES CORE S&P SMALL-CAP E	-	-	-	1,421	152,004	123,897
ISHARES CORE S&P SMALL-CAP E	-	-	-	1,933	184,620	168,538
ISHARES CORE S&P MIDCAP ETF	-	-	-	1,008	236,173	221,014
ISHARES CORE S&P MIDCAP ETF	-	-	-	2,871	780,452	629,496
		<u>18,022,502</u>	<u>18,841,820</u>		<u>16,480,673</u>	<u>18,681,859</u>
		<u>\$ 33,748,937</u>	<u>\$ 32,368,003</u>		<u>\$ 35,193,487</u>	<u>\$ 39,045,364</u>

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OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF MEMBER GROWTH ANALYSIS

	*** 2023	*** 2022	*** 2021	*** 2020	*** 2019	*** 2018
Total number of members	2	2	2	2	2	2
Total employees	1,168	1,186	1,132	1,119	1,143	863
Total annual payrolls	\$ 70,245,426	\$ 59,329,865	\$ 56,728,474	\$ 56,332,049	\$ 53,342,832	\$ 50,366,334
Total member premiums	\$ 2,707,227	\$ 2,372,940	\$ 2,007,944	\$ 1,832,643	\$ 1,793,018	\$ 1,787,140
Total number of claims	167	197	176	173	171	150
Total reported losses	\$ 9,808,376	\$ 3,935,141	\$ 2,153,029	\$ 1,163,936	\$ 1,775,028	\$ 1,192,917

* For the 12-month year ended December 31.
** For the 9-month period ended September 30.
*** For the 12-month year ended September 30.

*** 2017	** 2016	* 2015	* 2014
2	2	2	2
865	847	926	926
\$ 50,366,334	\$ 47,405,640	\$ 50,039,266	\$ 49,994,208
\$ 1,601,809	\$ 1,234,097	\$ 1,682,928	\$ 1,670,960
121	94	138	137
\$ 2,781,460	\$ 1,196,769	\$ 836,475	\$ 673,795

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***CONTROLS and COMPLIANCE
SECTION***