

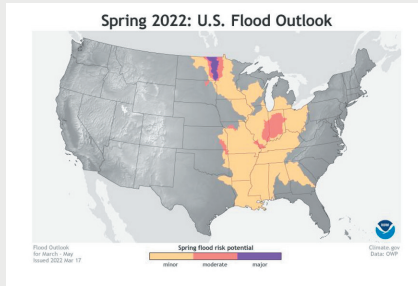


MPIC PROPERTY POINTERS

JULY 2022

FIRES NOT FLOODS

MPIC has traditionally experienced spring water damage losses, including flooding from winter thaw and heavy spring rains. NOAA provides a spring and summer flooding forecast that has proven to be very accurate. 2022 is no different, and the NOAA forecast reflects a favorable flood outlook.



Rather than experiencing damages from flooding, MPIC insureds have suffered from a series of serious fires and convective storms, which included hail and high winds.

As Wisconsin enters the summer months, the likelihood of continuing storm activity increases. MPIC insureds can refer to the "Rain, Rain – Building Preparation" article for preparation measures in this edition of our newsletter.

RAIN, RAIN, GO AWAY

Even though the Summer Solstice has come and gone, Wisconsin is still experiencing cooler temperatures, excessive rainfall, wind, and hail events. In meteorological terms, these weather events are known as convective storms, because of the characteristic up flowing air currents that create the turbulent conditions.

Without a doubt, weather losses are the single most damaging and unpredictable cause of loss that affect Wisconsin municipalities. There are still numerous steps that can be taken to ensure that your property is prepared to withstand the conditions of severe weather.

Building Preparation:

- ✓ Annually inspect all building exterior surfaces – roofs, soffits, fascia, siding, windows, doors, and vents. Note any deficiencies and schedule immediate repairs. By conducting regular maintenance inspections, you'll hopefully keep buildings in the strongest and most weather-resistant condition possible.
- ✓ Inspect, clean, and clear storm drains and gutters. These should be inspected seasonally, as well as after every significant storm. Heavy winds and rain tend to collect debris that can clog drains and gutters, preventing proper functioning in the future.



- ✓ Ensure that back-up generators and sump pumps are tested regularly. This should include a check to confirm that any required batteries and fuel supplies are current and ready for use.
- ✓ Finally, are there any external hazards to buildings that should be considered? For instance, large trees with branches that may extend over buildings might be prime candidates for causing significant damage in a windstorm.

If you experience property damage, MPIC will be there to help you recover and rebuild. But as the old adage goes, "An ounce of prevention is worth a pound of cure." If you exercise preventive behavior and practices, your facilities will be better equipped to handle adverse weather and loss conditions.

Municipal Property Insurance Company is specifically designed to serve as more than just an insurer; MPIC also acts as a service partner that provides the highest quality insurance product and ancillary services to municipalities.



A Cooperative Corporation Between WMMIC, CVMIC, and LWMMI

IT IS WHAT YOU KNOW, AND WHO YOU KNOW

MPIC's growth and success can be directly attributed to the support and enthusiasm of our insureds. When MPIC concluded its first year of operation we had fewer than 200 insureds. Now MPIC has more than 550 participating insureds, from all corners of the state.

Clearly MPIC's insureds understand that MPIC and its partner owners provide premiere coverages at very competitive costs. Additionally, we recognize that no one knows your respective communities better than you.

Therefore, as MPIC looks into the future, we are asking you, our insureds, to help us discover and understand new business opportunities. You may happen to be involved on another local government or special district board, or you may be aware of a separate government entity in your area that might benefit from exploring insurance coverage with MPIC and our partners.

So, if you know of any organizations or entities that would be a good fit for MPIC, please offer them a referral or let us know about the entity and we will contact them. Your support has been key to our success and we'd like to share that success with as many Wisconsin governmental entities as possible.

CPI = CUSTOMER PAIN INDEX

It's no secret that the American economy has been suffering greatly since reopening after the COVID-19 pandemic. Recently, the government's Bureau of Labor Statistics announced that the inflation factor for June 2022 had reached a new high of 8.6%, this represents the highest inflation level in more than 40 years.

Unfortunately, the effects of inflation aren't just limited to personal consumables. These inflated costs also cross over into commercial product and service markets, and ultimately into the commercial insurance marketplace.

The untenable combination of a slipping stock market, building material and labor shortages, and long-standing property valuation deficiencies are leading to significant insurance cost increases. While it may feel like insurance premium increases lack foundation, it's critical to understand that in a dynamically linked economy where all aspects are intertwined nationally and internationally, it's likely that there's nothing you directly did to cause the change.

MPIC has been working for years to ensure that our insured's property values were brought up to correct levels, by working with HCA Asset Management and providing comprehensive appraisal services, along with the development of annual inflation factors. MPIC continues these practices today and will be applying a 7% inflation factor to all accounts not being appraised in 2022. This increase will be effective starting on 7/1/2022.

Hopefully, we begin to see some improvements in the economy, and moderation in inflation in the coming months, so insurance markets can return to normal in 2023. In the meantime, MPIC will continue working with all our insureds to provide the most comprehensive property insurance coverage and service package available to Wisconsin municipalities.

If you have any questions about MPIC's appraisal program, inflation factors or coverages, please contact your agent or MPIC representative.

PROPERTY IN THE OPEN - WHAT DOES IT MEAN?

By Mike Zagrodnik, CPCU, Baer Insurance



As we look through our schedules of coverage, buildings, contents, and contractor's equipment all seem pretty obvious and self-explanatory as to what these things are. But what the heck is "Property in the Open" and why should I care?

By MPIC policy definition Property in the Open means "Mobile or permanently fixed personal property designed to be left exposed to the elements and outside of any covered building." The mystery is solved, and everything is now clear – right?

One thing we've come to know about insurance is that the obvious is never obvious. Property in the Open covers a wide array of owned property that often is overlooked. In our parks, playground equipment, picnic tables, ball diamond fencing, backstops, and lighting all seem to be common items that receive scrutiny and scheduling. All well and good. However, there is so much more. Street signal lights, street signs, streetlights and poles, emergency sirens and poles, decorative lighting, planters, benches, monuments, flags, and poles, etc.

Individually many of these items may be valued at less than a \$1,000 deductible, but collectively? What happens when a serious windstorm destroys 10 streetlights, several signal lights, and street signs? A \$2,500 streetlight or pole might be manageable, but times 10 and throw in some signals and road signs, not so much. Who would think a concrete commemorative bench might be a \$6,000 event? So what do we do?

MPIC provides some measure of protection with \$10,000 for unscheduled property in the open. *In a disaster under Section IV "Covered Property" should we be able to show we only discovered we had the property or inadvertently left it unscheduled, there is a provision that might allow for scheduling the item back to inception and paying the associated premium to buy back up to \$250,000 of coverage.* However, it's hard to argue you didn't know about your traffic lights and then inadvertently failed to schedule coverage. When buying coverage for a combined \$400,000, \$500,000, or less might result in an increase in premium of \$300–\$600 a year, why not spend a few minutes to think about those things we have that often are overlooked or marginalized to have the confidence we aren't going to be caught with a significant uncovered loss? MPIC and your agents are always available to assist with this or any other property insurance related questions.

Mike has almost 50 years of insurance industry experience, both on the agent and underwriting sides. This includes over a decade working with municipalities in Wisconsin.

SHARE YOUR EXPERIENCE OR IDEAS WITH US! Email policy@mpicwi.com

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