



MMIA PROPERTY PROGRAM

Comparison to the Commercial Insurance Market

The Montana Municipal Interlocal Authority (MMIA) is a self-funded risk pool owned and operated by Montana cities and towns. As a result, municipalities have direct control over coverage terms, rates, claims philosophy, and services.

- » This overview highlights how MMIA's municipal-focused property program compares to the commercial insurance market and why it is the best option - **built by members for members.**

POLICY COVERAGES

Integrated Municipal Coverage vs. Fragmented Commercial Policies

MMIA provides property protection through a single manuscript policy designed specifically for municipal exposures, the Memorandum of Property Coverage (Memorandum). This integrated approach ensures consistent terms and reduces the likelihood of coverage gaps. Coverage includes real and personal property, vehicles, mobile equipment, boilers, fine art, specially trained animals, business interruption, and other unique municipal coverages within one coordinated policy.

While certain exposures are excluded from the Memorandum, such as crime & fidelity, pollution, and cyber, MMIA uses its pooled purchasing power to secure these coverages for members at a lower cost than they would typically be able to obtain individually from the commercial insurance market. The crime & fidelity coverage also satisfies Montana statutory bonding requirements (§2-9-803 MCA).

Comparable commercial coverage often requires multiple policies and endorsements. Differences in policy forms and exclusions increase complexity and raise the risk of gaps, particularly for municipal-specific exposures. Additional risks of commercial coverage include exclusions and/or sub-limits for certain exposures such as earthquakes and floods.

INTEGRATED COVERAGE, BUILT FOR MUNICIPAL PROPERTY

MMIA



- One policy
- Coordinated property coverage
- Consistent terms

Commercial Market



- Multiple policies
- Varying endorsements
- Added complexity

PROPERTY VALUES & COVERAGE STRUCTURE

Member-Focused Protection vs. Market-Driven Constraints

MMIA's self-funded program removes common property insurance pitfalls that negatively affect municipalities. The program does not require coinsurance, includes coverage for unscheduled assets such as landscaping and infrastructure, and provides automatic acquisition coverage for newly acquired property for up to 120 days. Course of construction coverage is included without the need for a separate policy.

MMIA assists members with accurate valuation by providing professional appraisals and/or through use of valuation software at no cost.

Commercial insurers typically require coinsurance, limit automatic acquisition coverage, and often require separate builders' risk policies. Valuation accuracy is the responsibility of the insured and may involve additional cost.

COVERAGE VALUATION METHODS

Replacement Cost & Stated Value vs. Actual Cash Value

MMIA offers both replacement cost (repairing/replacing without deduction for depreciation) and stated amount coverage (an agreed-upon value between member and MMIA). These options allow members to balance the amount of coverage needed with the amount of coverage they can afford.

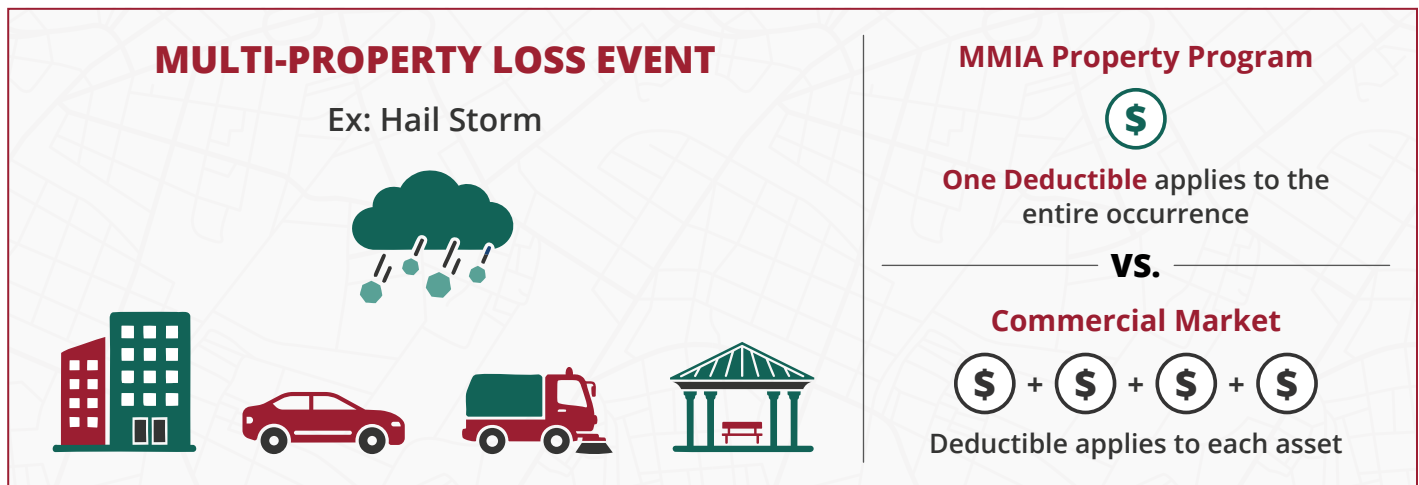
Commercial policies frequently insure vehicles and equipment at actual cash value, exposing municipalities to being underinsured as assets age.

DEDUCTIBLES

Predictable Municipal Cost Sharing vs. Layered Deductible Exposure

MMIA offers deductible options ranging from \$1,000 to \$25,000 per occurrence. In a multi-property loss event, such as a hailstorm, a single deductible applies to the entire occurrence, benefiting MMIA's member-owners.

In contrast, many commercial policies may apply deductibles on a per-asset basis for a multi-property loss event. This can significantly increase total out-of-pocket costs when multiple assets are affected.



EXPERIENCE RATING

Experience rating is an underwriting pricing method that adjusts your premium based on your own past loss history compared to industry averages, or in the self-funded pooling world, against the pool average. MMIA does not use experience rating for the property program whereas the commercial market does, and in some cases, may cancel coverage based on what the commercial carrier deems excessive losses.

That means cities and towns can have confidence their property coverage with MMIA won't increase dramatically or be cancelled because they suffered losses from an extreme weather event that is outside of their control.

SERVICES

Local Municipal Expertise vs. Generalized Insurance Services

MMIA provides Montana-based claims and risk management professionals with deep experience in municipal operations. MMIA focuses on managing the impact of claims on both the municipality and the Pool.

Commercial insurance staff typically serve multiple industries, may lack municipal-specific expertise, may not be familiar with Montana, and often make decisions driven by carrier financial priorities rather than municipal outcomes.

BENEFITS OF SELF-FUNDED POOLING

Collective Municipal Strength vs. Buying Coverage Alone

Through self-funded pooling, MMIA members share risk, expertise, and resources. As a member-owned organization, municipalities help shape their property coverage through transparency, collaboration, and local control—benefits that cannot be replicated in the commercial insurance market.

“Securing coverage through MMIA has taken the unknown and unknowing out of city management ... The risk management, technical, and training resources available through MMIA are a benefit worth as much as the premium savings we’ve received.”

- Steven Zachmann, Mayor, City of Baker



Member Owned. Member Driven.

We Are You.