



ANNUAL REPORT 2015



Protecting the Communities We Live In.

“Don’t Worry, You’re Covered”

2015 ANNUAL REPORT TO POLICYHOLDERS

DIRECTORS

David Benforado

Village Trustee
Village of Shorewood Hills

David De Angelis

Village Manager
Village of Elm Grove

Ronald Hayward

Village President
Village of West Milwaukee

Kathleen Morse

Clerk/Treasurer
City of Rice Lake

Mark Rohloff

City Manager
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Mayor
City of Wisconsin Rapids

Jerry Deschane

Executive Director
League of Wisconsin
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OFFICER

Dennis Tweedale

Chief Executive Officer
League of Wisconsin
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Insurance

As Yogi Berra said “You don’t have to swing hard to hit a home run. If you got the timing, it’ll go!”

Well LWMMI hit a home run in 2015 by partnering with Cities and Villages Municipal Insurance Company and Wisconsin Municipal Mutual Insurance Company to create a new insurer – Municipal Property Insurance Company (MPIC). With the changes announced in February affecting the Local Government Property Insurance Fund, MPIC was created to provide an alternative property insurance company for Wisconsin Municipalities. MPIC started insuring Municipalities last September and currently over 310 Cities, Villages and Counties, with insured values of over \$14 billion dollars, have placed their trust in MPIC. Truly a remarkable feat, a “home run”, both in timing and quality coverage.

Another benefit for League of Wisconsin Municipalities members was the participation of the LWM Insurance Trust in the review of the municipal health insurance partnership between LWM and WEA Trust. The fall of 2015 kickoff will be in full stride this year to provide health options that are affordable and tailor-made for League members.

Once again, good claims experience warrants a reward – a Dividend of \$1,600,000 for 2015 LWMMI policyholders was declared.

League of Wisconsin Municipalities and LWMMI thank you for your continued support. MPIC and WEA Trust are just two more examples of serving your needs.

On behalf of the Directors, Staff and Service Providers:

**“Thank You for Your Participation and
Don’t Worry – You’re Covered”**



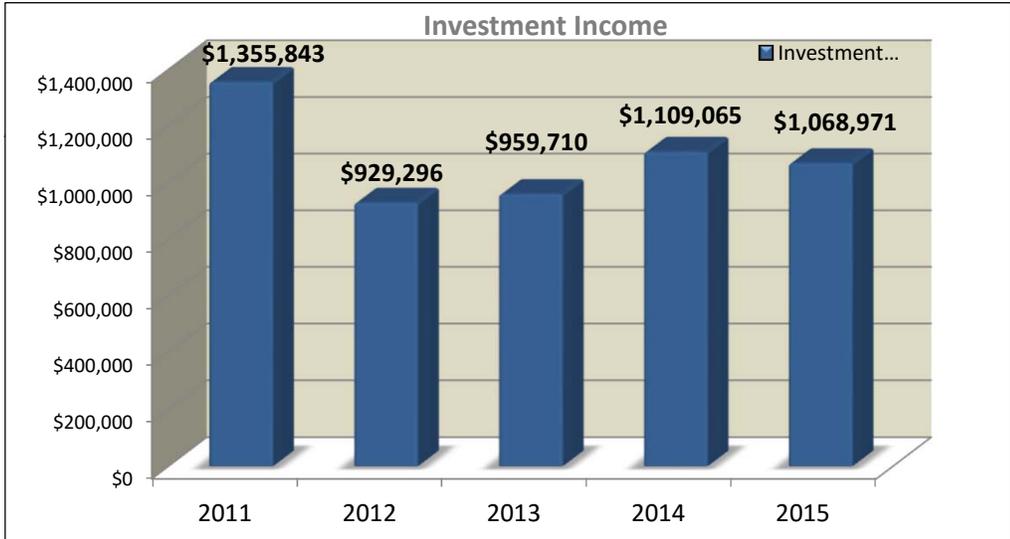
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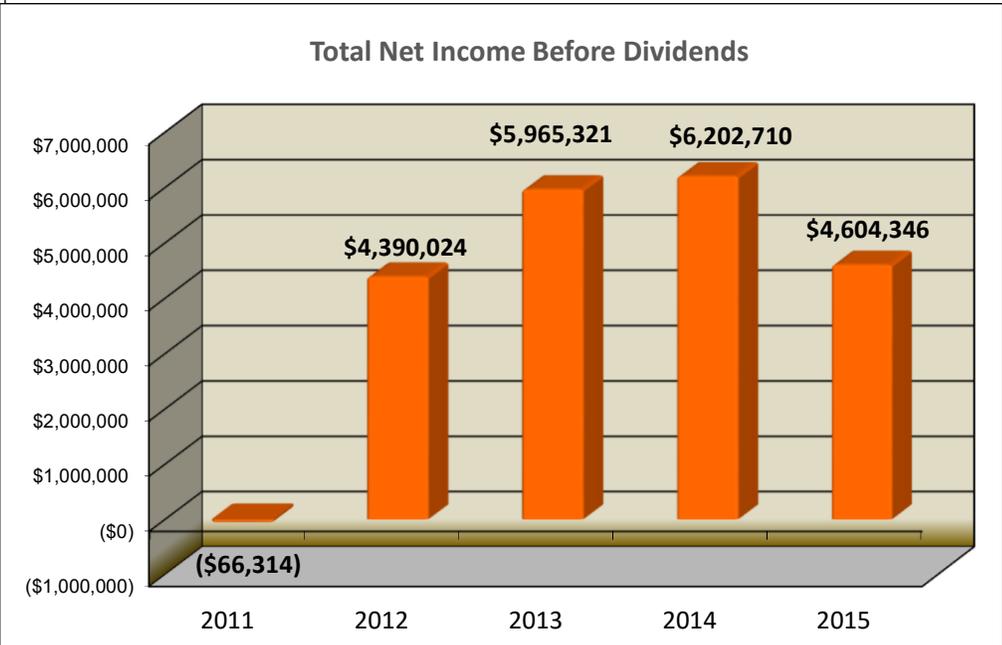
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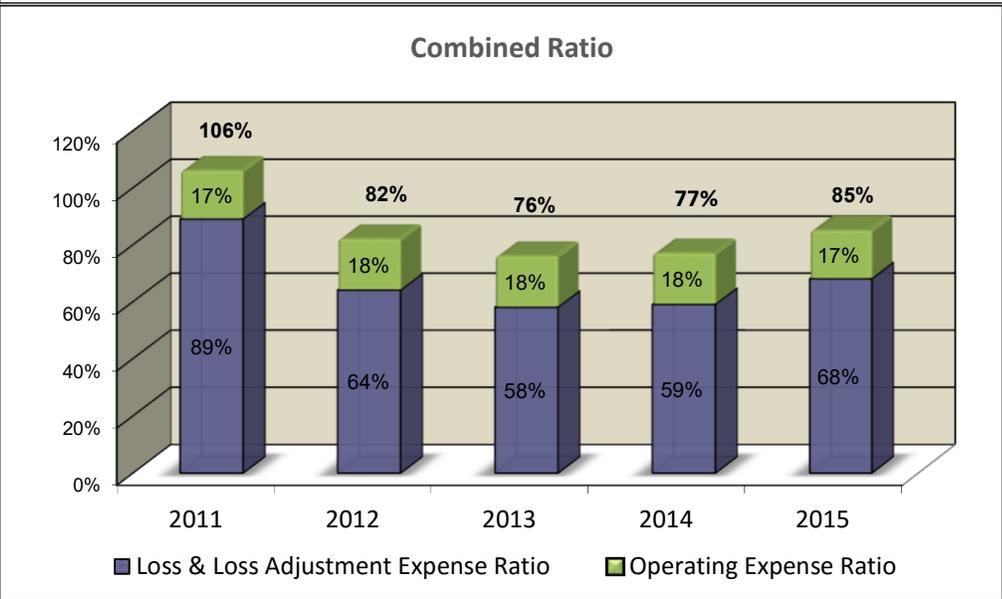
LWMMI
League of Wisconsin Municipalities Mutual Insurance



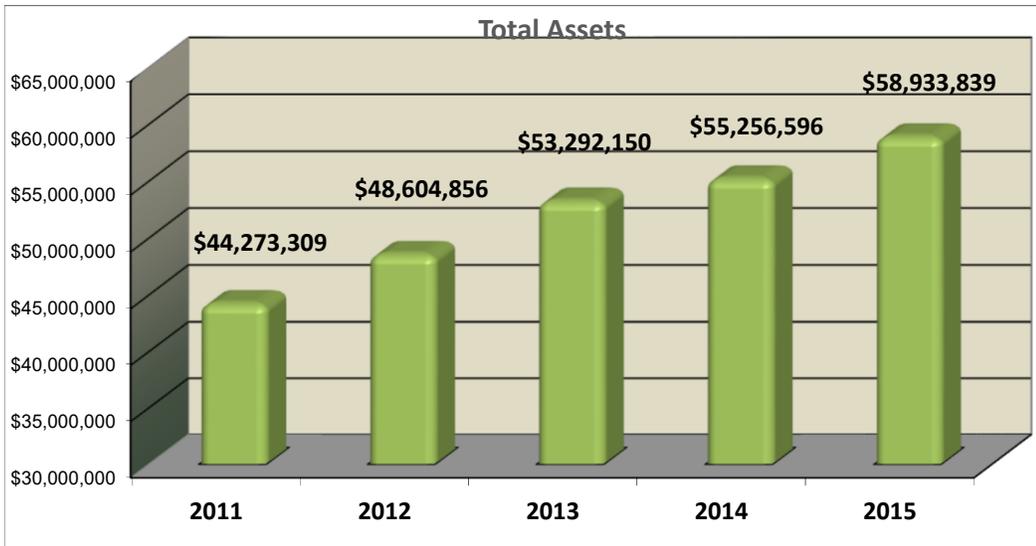
Invested assets continue to grow. However, interest rates on bonds remain at historic lows, resulting in lower investment returns for the past four years.



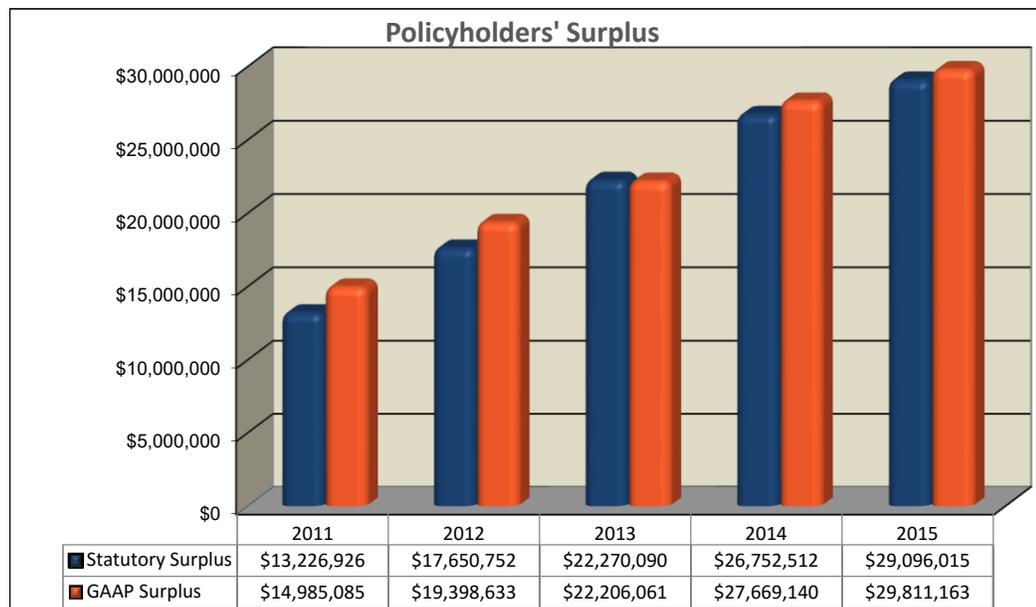
In 2011 LWMMI experienced a small Net Loss Before Dividends of \$66,314 because of unusually severe loss activity. There was Net Income in each of the other 4 years, allowing LWMMI to strengthen surplus and to pay dividends to members.



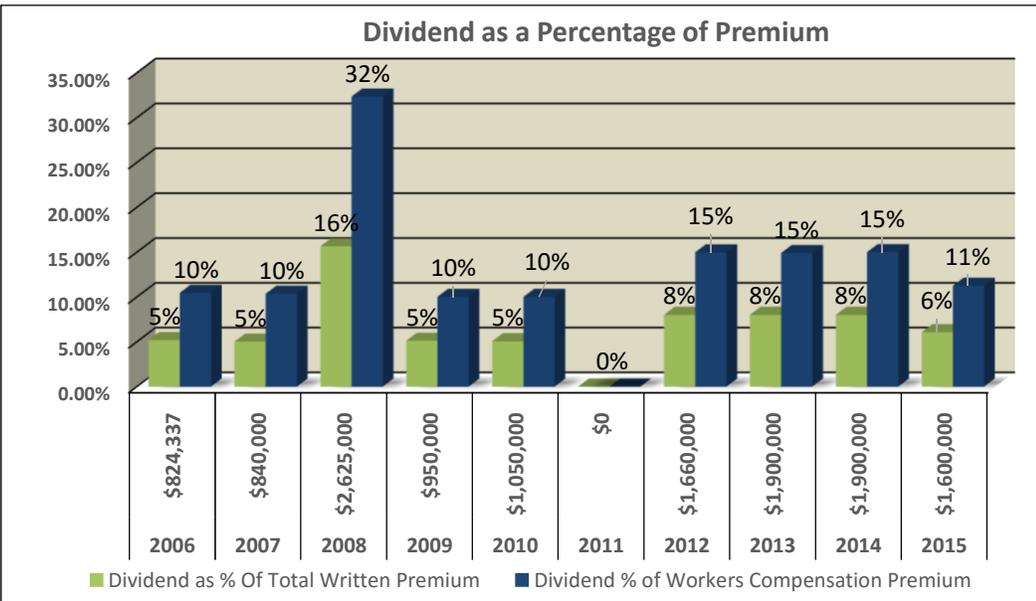
This chart shows where each premium dollar is spent by LWMMI. During 2015 \$0.17 was used to pay expenses and \$0.68 was used to pay losses.



LWMMI's statutory asset base has continued to grow as premiums are collected to cover future losses. Assets held as of December 31, 2015 were \$58.9 million, with \$53.1 million held in cash and investments.

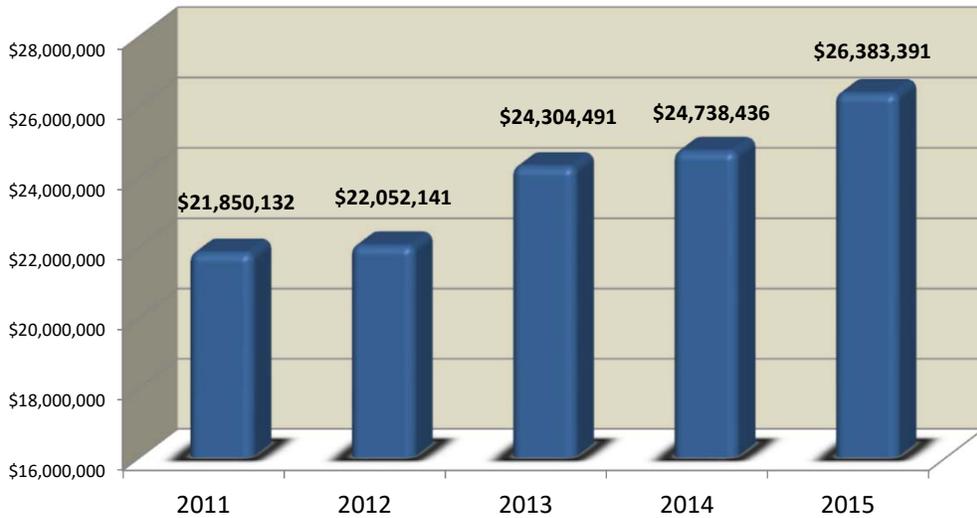


Surplus represents the net worth of LWMMI and is calculated as total assets minus liabilities. LWMMI's surplus on a GAAP basis is approximately \$29.8 million, which ensures financial stability for future years. Surplus is \$29.1 million under the Statutory basis of accounting, which is used for regulatory purposes.



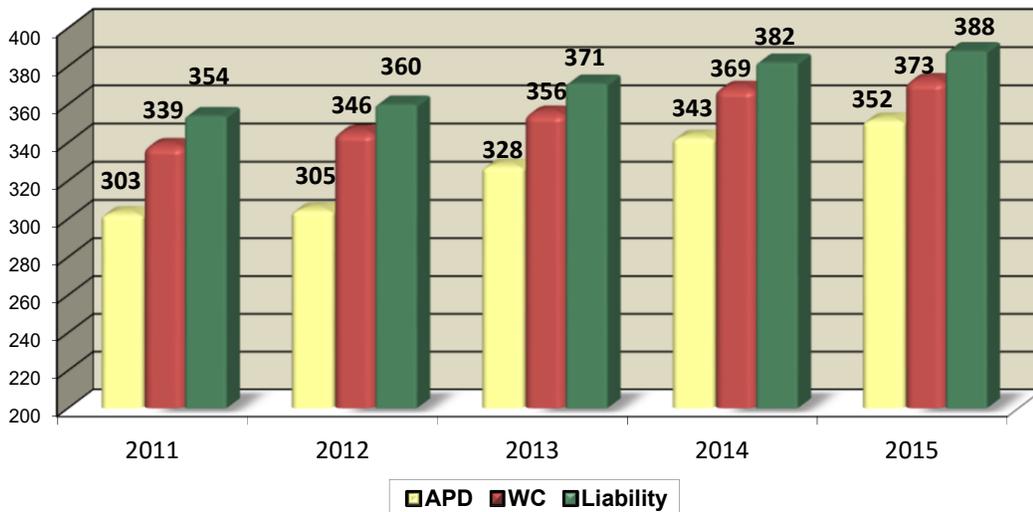
LWMMI had a profitable year in 2015 and declared a \$1,600,000 dividend. To date LWMMI has returned \$13,349,337 to members via dividends.

Direct Written Premium



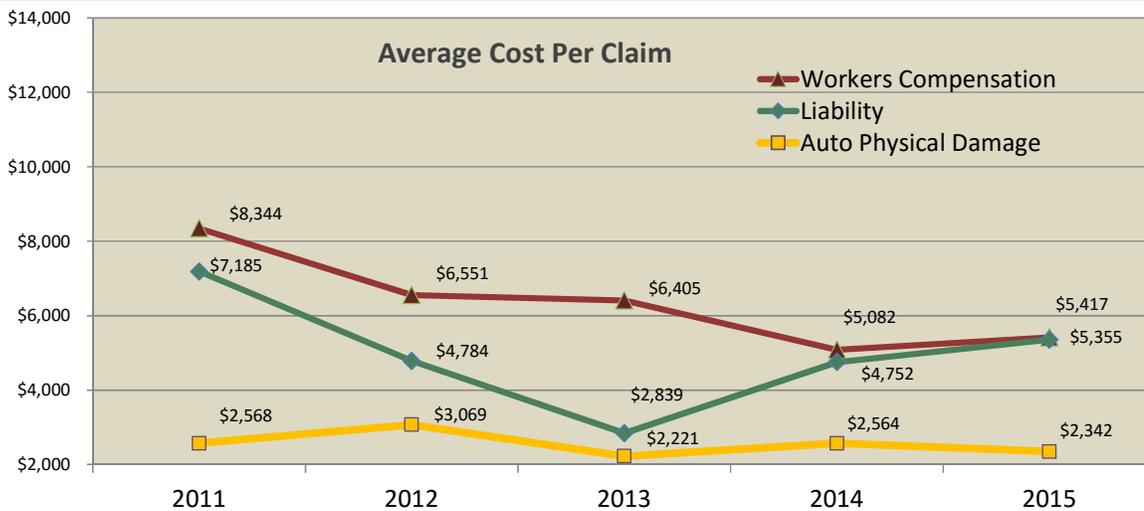
LWMMI's total premium has increased each year as new members are added.

Policy Counts



Policy counts for all lines of business have increased each year since LWMMI was formed.

Average Cost Per Claim



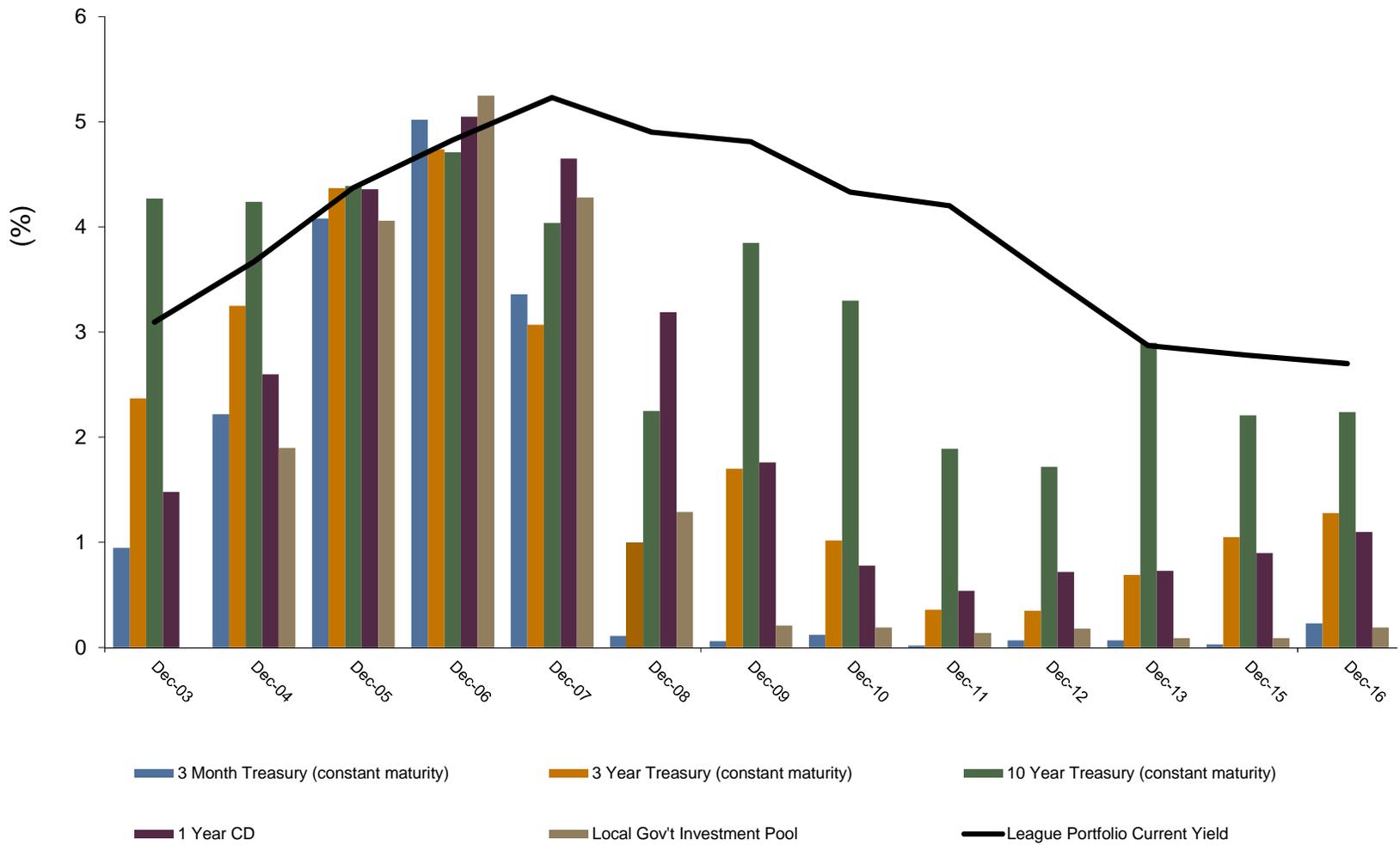
The average cost per claim for both Workers Compensation and Liability increased slightly in 2015. The average cost per claim for Auto Physical Damage has decreased.

Year Ended December 31, 2015

League of Wisconsin Municipalities Mutual Insurance Balance Sheet December 31, 2015 Statutory Basis of Accounting		
ASSETS		
	December 31, 2015	
CASH & INVESTMENTS:		
Invested Cash	\$ 2,786,884	
Bonds	42,616,299	
Stocks	5,454,544	
Money Market Mutual Fund	2,197,176	
TOTAL CASH & INVESTMENTS	\$ 53,054,903	
Accrued Investment Income	241,990	
Premiums Receivable	3,597,304	
Reinsurance Recoverable	21,533	
Equity in Reinsurer	2,007,332	
Other Assets	10,777	
TOTAL ASSETS	\$ 58,933,839	
<i>LIABILITIES & POLICYHOLDERS' SURPLUS</i>		
LIABILITIES:		
Net Unpaid Losses and Loss Adjusting Expenses (LAE)	\$ 26,159,862	
Net Unearned Premiums	3,979,960	
Reinsurance Premiums Payable (Receivable)	(882,087)	
Commissions Payable	289,637	
Other Expenses Payable	290,452	
TOTAL LIABILITIES	\$ 29,837,824	
POLICYHOLDERS' SURPLUS:		
Policyholders' Surplus at Beginning of Year	26,752,512	
Unrealized Investment Gains	(359,875)	
Nonadmitted Assets	(968)	
Net Income for the Year	2,704,346	
TOTAL POLICYHOLDERS' SURPLUS	\$ 29,096,015	
TOTAL LIABILITIES & POLICYHOLDERS' SURPLUS	\$ 58,933,839	

League of Wisconsin Municipalities Mutual Insurance Income Statement Year Ended December 31, 2015 Statutory Basis of Accounting		
	2015	Expense as a % of Net Premium
NET PREMIUMS EARNED:		
Direct Premium Earned	\$ 26,228,388	
Reinsurance Ceded	(2,649,133)	
TOTAL NET PREMIUMS EARNED	23,579,255	
NET LOSSES AND LAE INCURRED:		
Direct Losses and LAE Incurred	15,511,074	
Reinsurance Recoveries	420,172	
TOTAL NET LOSSES AND LAE INCURRED	15,931,246	67.6%
OPERATING EXPENSES:		
Administration and Claims Service	3,759,441	15.9%
LAE and Investment Expenses	(2,317,263)	-9.8%
Office Expense	83,139	0.4%
Commissions	2,226,538	9.4%
Boards, Bureaus & Associations	31,676	0.1%
Travel, Meetings & Loss Control	117,608	0.5%
Legal, Audit & Actuarial	165,597	0.7%
Taxes, Licenses & Fees	350,967	1.5%
Gain Related to NLC Equity Position	(306,598)	-1.3%
TOTAL OPERATING EXPENSES	4,111,105	17.4%
UNDERWRITING GAIN	\$ 3,536,904	
INVESTMENT INCOME:		
Interest and Dividend Income	1,068,971	
Investment Expenses	(183,017)	
Realized Gains on Investments	181,488	
TOTAL INVESTMENT INCOME	1,067,442	
NET INCOME BEFORE DIVIDENDS	\$ 4,604,346	
POLICYHOLDER DIVIDENDS:	(1,900,000)	
NET INCOME	\$ 2,704,346	

Performance Review





Protecting The Communities We Live In.

IMPORTANT PHONE NUMBERS FOR THE LWMMI PROGRAM:

DIRECTORS

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Village Trustee
Village of Shorewood Hills

David De Angelis
Village Manager
Village of Elm Grove

Ronald Hayward
Village President
Village of West Milwaukee

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Rick Kalscheuer, R&R Insurance Services, Inc. 262-953-7215
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Darrel Zaleski, Spectrum Insurance Group, LLC 715-858-9865
darrel.zaleski@spectruminsgroup.com

David Krueger, Willis Towers Watson 800-236-3311
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CLAIMS PROCESSING:

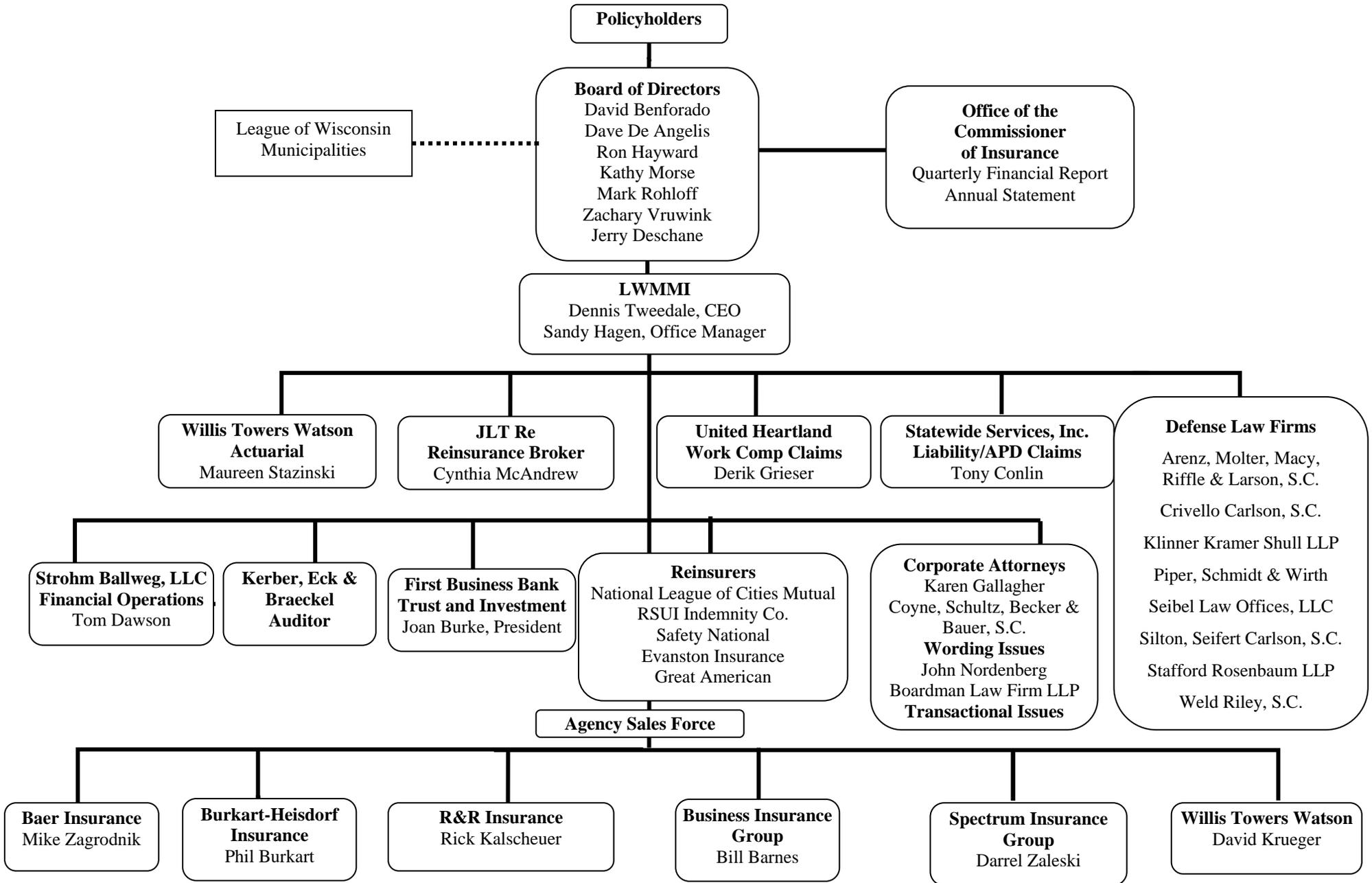
Workman's Compensation Claims 262-787-7422
United Heartland – Derik Grieser derik.grieser@unitedheartland.biz

Liability/Auto Damage Claims 608-828-5461
Statewide Services, Inc. – Tony Conlin aconlin@statewidesvcs.com

LWMMI

League of Wisconsin Municipalities Mutual Insurance

League of Wisconsin Municipalities Mutual Insurance Organization Chart



CONDITIONAL USE PERMITS
Matthew P. Dregne – Stafford Rosenbaum LLP

1. *What is a conditional use?*

A conditional use is allowed in the zoning district if it meets the conditional use standards in the zoning code. An applicant has a legal right to a conditional use permit if the proposed use meets the standards in your zoning code.

2. *What is your role?*

- a. You must decide whether the proposed use meets the standards in the zoning code. This is a quasi-judicial decision, which means that you must base your decision on the information presented at the hearing, and on the standards in the zoning code.
- b. The applicant and the public are entitled to a fair and impartial decision maker. This means:
 - (1) Do not participate if you have a conflict of interest.
 - (2) Avoid discussing the application outside of public meetings. Do not base your decision on “lobbying” that occurs outside the hearing, or information you obtain in any way outside the hearing.
 - (3) Do not say things that suggest you have made up your mind or prejudged the application before the hearing.

3. *What process should you follow?*

- a. Before scheduling a hearing, require the applicant to submit all plans, documents and information required by your zoning code.
- b. Follow the notice and hearing requirements in your zoning code.
- c. Conduct an orderly hearing.
- d. Record the hearing (on tape, by detailed minutes, or in another manner that will preserve the information presented at the hearing).
- e. After the hearing, decide whether the permit should be denied, granted or granted with conditions. The best practice is to adopt a

written decision that specifies your findings and decision. If the decision is by motion, the motion should specify both the reasons for your decision, and your decision.

4. *Miscellaneous tips.*

- a. Request additional site plan or operational information if it will help you understand the proposed use or potential conditions of approval.
- b. If you have legal questions or are uncertain about how to proceed, table the application to another meeting and obtain legal advice.
- c. Focus on the impact of the use on surrounding properties, and whether the standards are met given those impacts. Conditions of approval will likely address those impacts (i.e., hours of operation, traffic circulation, noise, lighting).
- d. The applicant is responsible for proposing conditions of approval that will satisfy the conditional use standards.
- e. You may propose conditions of approval, but are not required to.
- f. Do not base your decision solely on the objections of neighbors, unless those objections show that the conditional use standards are not met.
- g. Do not base your decision solely on the number of people speaking for or against.
- h. Do not base your decision solely on whether you think the proposed use is a good or bad idea in the proposed location. You must tie the evidence to the standards in your ordinance.
- i. Do not grant the permit for a limited or specified duration. If the conditional use standards are met, the applicant has a right to continue the use indefinitely.
- j. Document your decision, including any conditions of approval.

5. *Disclaimer.*

This document provides only general guidelines for acting on conditional use permits. You should consult your ordinances and your legal counsel regarding local procedures and standards.

PUBLIC HEARING PROCEDURE – CHAIRPERSON’S GUIDE
CONDITIONAL USE PERMIT

Suggestions for an Orderly Hearing

1. If multiple speakers are expected, require people to register to speak, or provide their comments on a card. Consider a time limit for each speaker.
2. Inform people that they will be allowed to speak one time, and hold them to it.
3. Do not allow speakers to be interrupted.
4. Do not allow people to engage in debates or arguments with the applicant or members of the commission or board. Require people to direct their statements to the commission or board.

Suggested Order of Proceedings

1. Call meeting to order.
2. Statement by Chairperson.

We are here for a public hearing on an application for a conditional use permit to allow the property at _____ to be used for _____. Before we start, I am going to explain the procedures we will follow.

First, we will allow the applicant to make a presentation. Second, we will allow members of the public to make presentations. If you wish to speak, please register your name on a card and provide it to me. If you do not want to speak, you may also write your comments on a card. We will then allow the applicant to make a final presentation to respond to any points raised during the hearing. After each presentation, members of the commission/board will have an opportunity to ask questions.

3. Presentation by the applicant.
4. Presentations by the public.
5. Final presentation by the applicant.
6. Close public hearing.

CONDITIONAL USE PERMIT
FINDINGS AND DECISION

- A. _____ (the “Applicant”) applied for a conditional use permit to allow for the operation of _____ [insert proposed use] _____ on the property located at _____.
- B. A public hearing was held on the application on _____. The hearing was preceded by publication of a Class 2 notice.
- C. Following the public hearing, the [insert name of body making decision] hereby makes the following findings and decision.

*Findings of Fact*¹

- 1. The proposed use [is / is not] consistent with the general purpose and intent of the applicable zoning district regulations, because [insert reasons, especially if the answer is no] _____

- 2. The proposed use [will / will not] be detrimental to or endanger the public health, safety or general welfare, because [insert reasons, especially if the answer is no] _____

- 3. The uses, values and enjoyment of other property in the neighborhood for purposes already permitted [will / will not] be substantially impaired or diminished by the establishment, maintenance or operation of the conditional use and the proposed use [is / is not] compatible with the use of adjacent land, because [insert reasons, especially if the answer is yes] _____

- 4. The establishment of the conditional use [will / will not] impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district, because [insert reasons, especially if the answer is yes] _____

¹ Please replace these standards with the standards in your zoning ordinance.

5. Adequate utilities, access roads, drainage and other necessary site improvements [will / will not] be available to serve the property, because [insert reasons, especially if the answer is no]

6. Adequate measures [will / will not] be taken to provide ingress and egress so designed to minimize traffic congestion in the public streets, because [insert reasons, especially if the answer is no]

7. The conditional use [will / will not] conform to all applicable regulations of the district in which it is located, because [insert reasons, especially if the answer is no]

8. Adequate measures [will / will not] be taken to prevent and control water pollution and stormwater runoff, because [insert reasons, especially if the answer is no]

Decision

For the reasons stated above, the application for a conditional use permit is [denied / granted / granted subject to the following conditions]: *[sample typical conditions]*

1. *Use Restricted.* The property shall be used for _____ purposes only. Any change or alteration in the property or the use, including but not limited to a change in use or changes to the structures or lands shall require prior approval in accordance with the standards for granting a conditional use permit.
2. *Development According to Site Plan.* The property shall be improved in accordance with the site plan attached as Exhibit A. The Applicant must also comply with the following conditions:
[add any specific site plan requirements]

3. *Other Regulations Apply.* The Applicant shall abide by all federal, state and local laws and regulations. Nothing in this decision shall be deemed to authorize any public or private nuisance or to constitute a waiver or exception to any law, ordinance or rule, except to the extent that it authorizes the use of the subject premises in the manner authorized herein.
4. *Exterior Housekeeping.* The property shall be kept in a neat and orderly condition. There shall be no outside storage of junk, debris, or other refuse and all such materials shall be disposed of promptly and properly.
5. *Recording.* This document may be recorded with the Register of Deeds.

VARIANCES
Matthew P. Dregne – Stafford Rosenbaum LLP

1. *What is a variance?*

A variance permits a property owner to use or develop property in a manner prohibited by the zoning ordinance. An area variance allows exceptions to physical requirements, such as setbacks, lot area, and height limits. A use variance allows an owner to put property to a use prohibited by the zoning ordinance.

2. *What is your role?*

- a. You must decide whether to grant or deny the variance request. This is a quasi-judicial decision, which means that you must base your decision on the information presented at the hearing and on the standards in the zoning code. You must be aware of the type of variance that is being requested because the standard for determining whether an “unnecessary hardship” exists is different depending upon whether the applicant is seeking an area variance or a use variance.
- b. The applicant and the public are entitled to a fair and impartial decision maker. This means:
 - (1) Do not participate if you have a conflict of interest.
 - (2) Avoid discussing the application outside of public meetings. Do not base your decision on “lobbying” that occurs outside the hearing, or information you obtain in any way outside the hearing.
 - (3) Do not say things that suggest you have made up your mind or prejudged the application before the hearing.

3. *What process should you follow?*

- a. Require the applicant to submit all plans, documents and information required by your zoning code.
- b. Follow the notice and hearing requirements in your zoning code.
- c. Conduct an orderly hearing.

- d. Record the hearing (on tape, by detailed minutes, or in another manner that will preserve the information presented at the hearing). Individual votes by members must be recorded.
- e. After the hearing, decide whether the variance should be denied, granted or granted with conditions. The best practice is to adopt a written decision that specifies your findings and decision. If the decision is by motion, the motion should specify both the reasons for your decision, and your decision.

4. *Miscellaneous tips.*

- a. Request additional information and/or reports from the zoning administrator or applicant if it will help you understand the proposed variance or potential conditions of approval.
- b. If you have legal questions or are uncertain about how to proceed, table the application to another meeting and obtain legal advice.
- c. The applicant is responsible for showing that he or she meets the legal standard for a variance.
- d. Do not base your decision on the objections of neighbors, unless those objections show that the variance standard is not met.
- e. Do not base your decision on the number of people speaking for or against.
- f. Do not base your decision on whether you think the proposed variance is a good or bad idea. You must tie the evidence to the legal standard.
- g. Do not grant the variance for a limited or specified duration. If the variance standard is met, the variance “runs with the land;” it will last forever.
- h. Document your decision, including any conditions of approval.

5. *Disclaimer.*

This document provides only general guidelines for acting on variances. You should consult your ordinances and your legal counsel regarding local procedures and standards.