INFORMATIONAL REPORT

MICHIGAN UNIVERSITIES SELF-INSURANCE CORPORATION (M.U.S.I.C.) ANNUAL REPORT

The Administration is pleased to submit the Annual Report (the Report) of the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) for the fiscal year which ended June 30, 2018, as well as a summary of the University's other insurance programs.

The M.U.S.I.C. Report is enclosed in a separate binder. The following are some historical facts and highlights regarding the M.U.S.I.C. Insurance Programs.

1. The Michigan Higher Education Group Self-Insurance and Risk Management Facilities, Inc., d/b/a Michigan University Self-Insurance Corporation (M.U.S.I.C.) was formed in 1987 by the Insurance Task Force of the Business Affairs Officers Committee of the President's Council. M.U.S.I.C. is comprised of eleven of Michigan's public universities, excluding the campuses of the University of Michigan and Michigan State University (a member prior to 2000). All members obtain loss coverage through M.U.S.I.C. for their general liability, errors and omissions liability, and automobile (liability and physical damage) insurance.

   For the general liability, errors, and omissions liability programs there are three levels or layers of loss coverage as follows: a) member retentions, b) M.U.S.I.C. retentions and c) insurance coverage from excess insurance carriers. More information about the overall loss coverage structure for each program is available in the Report on page 33, Footnote 7 – Loss Coverages. Information about the University's coverage and costs is contained in Exhibit A.

   Additionally, M.U.S.I.C. provides voluntary group purchase program coverage in a number of areas. The University participates in many of these insurance programs, as noted in Exhibit B.

2. M.U.S.I.C. was formed to realize the following benefits:

   - Greater control over the availability of insurance coverage.
   - Broad based errors and omissions coverage.
   - Less exclusions than with commercial insurance coverage.
   - Higher limits on all coverages.
   - Enhanced stability of total insurance costs.
   - Participation in investment income benefits.
   - Participation in management of the program, including claims settlement.
   - Increased emphasis upon risk avoidance.

It should be noted that M.U.S.I.C. has achieved all of these benefits and exceeded expectations of the original Task Force. M.U.S.I.C. is a good example of the benefits that can be achieved by joint action among Michigan public universities.

3. A facility manager, Marsh U.S.A., Inc. (Marsh), with assistance from various other third party service providers, handles the overall administration of M.U.S.I.C...

   Staff from each member institution chair or serve on the Board or on various committees that oversee M.U.S.I.C. operations and provide general supervision to the facility manager. The universities' staff members serving on these committees are a critical element in the success of the organization. The committees and their members are listed on page 46 of this report.

4. Page 18 of the Annual Report indicates that M.U.S.I.C.'s FY 2018 change in net position resulted in a $1.9 million increase in member's equity. As of June 30, 2018, M.U.S.I.C. had a surplus of over $17 million.

   The surplus is held towards funding the gap between the actual premiums and the M.U.S.I.C. retentions for current and past years, any unusually large unforeseen claims activity that may arise in the future and any unfavorable volatility in the value of M.U.S.I.C.'s investment. This surplus also provides M.U.S.I.C. with flexibility in meeting the continuing challenges of the insurance market. Additionally, the University would be entitled to a portion of this surplus in the event of the dissolution of M.U.S.I.C. in accordance with the provisions of the M.U.S.I.C. Participation Agreement.

5. M.U.S.I.C.'s philosophy of promoting loss control and claims management continues to be an important factor in mitigating future premium increases. M.U.S.I.C. continues to provide support to the Member Institutions in a number of areas including Campus Visits, Safety Symposiums, Ad Hoc Requests and Newsletters. There is also an annual joint workshop for risk managers and general counsels from affiliated institutions. During the past year, the Committee provided member institutions with International Travel & Study Abroad training programs. The Claims and Loss Control Committee continues to focus on loss history.

6. M.U.S.I.C. continues to be significantly beneficial to the University. Table A provides information about M.U.S.I.C. program costs and coverage. It should be noted that prior to the establishment of M.U.S.I.C., the University did not have insurance coverage in several important areas because it was cost prohibitive or not available at any cost.

   In addition to price stability, M.U.S.I.C. has benefited the University through the return of dividends. For past years, total dividends of $45.9 million have been returned to the member institutions. To date, the University has received $5.6 million in dividends. It should be noted that dividends have been put on hold due to the Larry Nassar MSU litigation. It should be noted that dividends are not typically available under commercial insurance programs. Moreover, M.U.S.I.C. continues to have liability insurance coverage that is broader than any available in the traditional insurance market place.

Non-M.U.S.I.C. Insurance Programs

1. The University obtains its property insurance through FM Global, a mutual property insurance carrier. The cost and coverage is noted on Table A. As a mutually owned firm, the University is eligible for dividends, and to date, has received dividends of $251,354. While not a M.U.S.I.C. program, the University's property insurance program is also one of its major insurance programs. FM Global is known for strong and timely payment of claims. Additionally, they have an "A+" credit rating and a stable ratings outlook.

2. The University purchases insurance coverage to reduce financial exposure to a number of other potential losses. These are summarized on Exhibit B.

Uncertainty

A group of claims were made against a former M.U.S.I.C. member that include events which
took place prior to July 1, 2000, the effective date of of the former member's withdrawal from M.U.S.I.C. These claims have the potential for significant losses, both individually and in the aggregate against the former member. M.U.S.I.C., along with the former member's insurers, was put on notice of the claims by former member, and M.U.S.I.C. denied coverage for the claims. Only basic demographics have been provided for the claims to date, and no case or overall reserves have been estimated or recorded for the claims as of June 30, 2018.

Exhibit A		
M.U.S.I.C. Liability and FM Global Property Program **July 1, 2018 - July 1, 2019**		
Coverage/Terms/Conditions	**2018 - 2019 Retentions/Deductibles**	**PREMIUM**
MUSIC GENERAL LIABILITY (GL)		
GL Periodic Payment		
Per Occurrence Retention Limit	**$ 100,000**	
Aggregate Protection for GL	**$ 100,000**	
MUSIC ERRORS &OMISSIONS (E&O)		
E&O Periodic Payment		
Per Claim Retention Limit	**$ 500,000**	
Aggregate Protection for EO	**$ 500,000**	
MUSIC AUTOMOBILE LIABILITY		
AL Periodic Payment Limit **$1,000,000**		
Cost for 2018 for AL		
MUSIC PHYSICAL DAMAGE		
	Deductible $5,000	
Cost for 2018 for PD		
MUSIC Excess & Reinsuirance (all layers combined)	**GENESIS + EXCESS**	
Limit **$100,000,000**		
MUSIC Excess E&O Claims Made	**CHUBB & Ironshore**	
Limit- Claim/Aggregate **$30,000,000**		
Total Excess E&O program costs		
MUSIC ADMINISTRATIVE EXPENSES FEE		
MUSIC TOTAL		
FM Global Property Insurance		
All Risk Coverage-**$3,357,380,100**.		
Deductible	**$ 50,000**	
Rate per $100	**0.0259**	
Terrorism Premium	**$ 20,988**	
SUB TOTAL including PROPERTY (exhibit A)		**$1,404,573**

Exhibit B

Other INSURANCE PROGRAM SUMMARY (GROUP AND STAND ALONE PURCHASES)

July 1, 2018 - July 1, 2019

Coverage/ Terms/ Conditions	Limits/Deductibles		Premium
NON-OWNED AVIATION*	**ARCH**		
Limit	**$**	**5,000,000**	
Exposure- chartered hours		119	
FOREIGN LIABILITY*	**AIG**		
Limits of Liability	**$**	**1,000,000**	
KIDNAP & RANSOM*	**HCC**		
$20,000,000 Shared Limit no aggregate	**$**	**20,000,000**	
MEDIA LIABILITY (Claims Made)	**CHUBB**		
Limits of Liability	**$**	**2,000,000**	
SIR	**$**	**25,000**	
CYBER RISK (Claims Made)*	**BEAZLEY**		
Limits of Liability		**$5,000,000**	
Retention-		**$50,000**	
MEDICAL MALPRACTICE (Claims Made)*	**ARCH**		
Limits of Liability: **$2,000,000/$6,000,000**	**$2mm/$6mm agg**		
Deductible: $0 indemnification			
ENVIROMENTAL LIABILITY*	**ACE**		
Retentions	**$**	**50,000**	
Limits	**$10mm/$16mm agg**		
FIDELITY CRIME COVERAGE	**AIG**		
Limits		**$2,000,000**	
Retention	**$**	**25,000**	
EXCESS WORKERS COMPENSATION	**State National Company**		
Retention	**$**	**1,200,000**	
STUDENT ATHLETIC	**Specialty Insurance Solutions, Inc**		
Limits up to the NCAA cut off of **$90,000**			
BD. OF GOVERNORS ACCIDENTAL DEATH & INJURY	**Life Insurance of North America**		
Limits varies by category			
FINE ARTS	**Huntington T. Block**		
Fine Arts over $10,000			
FIDUCIARY	**Hudson Insurance**		
Fiduciary Liability Insurance			
Limit $5,000,000 with a $50,000 retention			
Total for Exhibit B			**$462,393.00**

Michigan Universities Self-Insurance Corporation

Michigan Universities Self-Insurance Corporation

ANNUAL REPORT

FISCAL YEARS ENDING JUNE 30, 2018 AND 2017

Michigan Universities Self-Insurance Corporation

MICHIGAN UNIVERSITIES
SELF-INSURANCE CORPORATION

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PRESIDENT & MANAGER'S REPORT

Fiscal Years Ended June 30, 2018 and 2017

The Michigan Higher Education Group Self-Insurance and Risk Management Facility, doing business as Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) completed its thirty-first year of operation. M.U.S.I.C. is a consortium of 11 of the 13 Michigan public universities organized to bring affordable, consistent and effective risk financing, loss control, and claims management to Michigan public universities. This year's financial position remains solid. M.U.S.I.C.'s corporate strategy continues to be sound with its focus on prudent financial management, proactive loss control practices, claims and litigation management, and underwriting. The commitment to this strategy has provided M.U.S.I.C. Members with stability and a strong equity position.

FINANCIAL RESULTS

M.U.S.I.C.'s net position of $17,324,247 reflects an increase of $1,907,102 from the previous year. The increase was primarily a result of investment gains and operating revenues exceeding operating expenses.

CORPORATE STRATEGY

M.U.S.I.C. is a cooperative endeavor to develop, implement and participate in a coordinated statewide higher education risk management consortium, including programs to provide an organizational structure, operating policies, guidelines and procedures to effectively implement and administer a long-range risk management program.

The Facility Management firm, Marsh USA Inc. continues to manage and supplement the Corporation's resource team to include specialists for property and casualty lines, claims, and resources to identify emerging national trends. The service providers for this fiscal year were:

- Andrews Hooper Pavlik PLC – Auditor
- ASU Group, Inc. – Claims Administrator
- Comerica Bank – Investment Custodian
- Complete Actuarial Solutions Company – Actuary
- Fund Evaluation Group, LLC – Investment Consultant
- Johnson, Rosati, Schultz & Joppich, PC – General Counsel
- JPMorgan Chase Bank – Investment Manager
- Marsh Risk Consulting – Risk Control Consultant
- Plante & Moran, PLLC – Accounting Manager

FINANCE COMMITTEE

Patti Van Walbeck
Associate Vice President of Business and Finance, Assistant Treasurer
Western Michigan University
M.U.S.I.C. Treasurer and Chair, Finance Committee

The Finance Committee is charged with oversight of the financial affairs and assets of M.U.S.I.C. This includes oversight of the cash and investment portfolio, capital reserve levels, budgets, financial accounting, reporting and related internal controls, selection and monitoring of related third-party service providers, and recommendations on all financial matters.

M.U.S.I.C.'s financial activity and budget performance are monitored periodically during the year. Annually, the Finance Committee develops and recommends to the Board the budget for the upcoming fiscal year. At the fiscal year end, the Finance Committee is responsible for oversight of the annual financial audit and the audit report. During this past fiscal year, the Finance Committee completed a full Request for Proposal for auditing and accounting services that resulted in maintaining the current providers.

M.U.S.I.C.'s investment policy is approved by the Board. The Finance Committee is responsible for recommending an investment policy to the Board, setting tactical asset allocations, selecting and terminating advisor and investment managers, and periodically monitoring and evaluating portfolio and manager performance. The Finance Committee uses an external investment advisor to assist it in all of these matters and to prepare the investment performance reports and analysis.

Capital reserve levels and dividends are evaluated on an annual basis. This review considers M.U.S.I.C.'s financial risk, asset retention needs, and potential for dividends. M.U.S.I.C. has a formal dividend policy which summarizes the threshold considerations for declaring a dividend.

CLAIMS AND LOSS CONTROL COMMITTEE

William A. Kemp
Associate Director, Office of Risk Management
Wayne State University
Chair, M.U.S.I.C. Claims and Loss Control Committee

The Claims & Loss Control Committee (C&LCC) provides direction and leadership of the loss control and claim handling service vendors for M.U.S.I.C. The Committee also reviews "emerging risks" in order to craft the agenda topics for each Member's loss control visit(s).

The mission of M.U.S.I.C. is to provide a proactive comprehensive Risk Management and Loss Control Program to Member public universities. In compliance of the mission, the C&LCC is also responsible for the loss control and claim handling activities for the purpose of minimizing the frequency and severity of accidental losses to Member Universities and to ensure fair, prompt, and cost-effective claim handling.

Employing a cross selection of committee members from Underwriting and C&LC, this sub-committee, along with the loss control vendor, was tasked with the delivery of a loss control symposium on “Cybersecurity”. Bringing together a panel of industry/insurance experts as well as Member University subject material experts, our 2018 “Cybersecurity – Minimizing Risk in a Changing Landscape” was another successful symposium earning very high review remarks and review comments for its presentations and speakers.

Campus visits were conducted by M.U.S.I.C.'s Loss Control Consultant (Marsh Risk Consulting – MRC) and focused on policies and procedures that Members had in place for Contractors on Campus; Cybersecurity; and Loss Control for Hunger Programs. MRC provides “ad-hoc hours” for the Member Universities and this past year the “project” was to gather policies and procedures for each Member's Recreation and Fitness Center.

MRC continues to attend the annual March Underwriting meetings in Chicago which involves meeting with insurance carriers and developing enhancements or creating coverages for M.U.S.I.C.'s insurance program(s). This past year a “historical document” was provided to those insurance representatives in attendance.

Claim handling services provided by M.U.S.I.C.'s claim handling vendor (ASU) focused on incorporating consistency between M.U.S.I.C.'s Claim Procedures Manual and the M.U.S.I.C. Master Service Agreement. Another task this past year was the changing of some of the claim graphs and reports due to M.U.S.I.C.'s change in retention and aggregate fund levels. ASU continues to assist MRC in the analysis of any upticks in particular claims for loss control mitigation for Members.

The C&LCC continues to adhere to M.U.S.I.C.'s mission with respect to providing loss control visits, loss control symposiums, and effective claim handling services that are timely in their content to our Member Universities.

LEGAL COMMITTEE

Pat Smith
Associate Vice President and Deputy General Counsel
Grand Valley State University
Chair, M.U.S.I.C. Legal Committee

The Legal Committee oversees the relationship between M.U.S.I.C. and the firms that represent its' Member Institutions. The Committee also assists in addressing legal and risk management issues which may affect Members.

To keep Member Institutions abreast of current legislative issues, M.U.S.I.C.'s General Counsel, Chris Johnson, presented legislative updates at each quarterly meeting and subsequently, each Board meeting. Mr. Johnson also brought forth case law which may have an impact on our institutions. The Committee was notified that Chris would be leaving the firm of Johnson, Rosati, Schultz and Joppich (JRSJ) for a position as General Counsel for the Michigan Municipal League. Carlito H. Young of JRSJ will serve as M.U.S.I.C.'s General Counsel going forward. The current contract with the firm runs through June 30, 2021.

Two members of the Legal Committee served on the M.U.S.I.C. Board's subcommittee that was convened to address the challenges posed by the MSU sexual assault litigation. A decision was made at the July Board meeting to dissolve the subcommittee and to invite the one Legal Committee member who was not also a Board member to join any Board meetings when the MSU matter was being discussed. It is anticipated that coverage counsel hired under Chris Johnson's supervision will continue to serve in the same capacity under Carlito Young's supervision.

The annual Risk Manager/General Counsel meeting was held in November. The format was a roundtable discussion with presentations made by Committee Members. Topics covered were student activism and free speech concerns; use of body and surveillance cameras for campus police departments; transgender or no gender designations for students/employees, and challenges surrounding social media. Dan Hurley, Chief Executive Director, gave an update regarding the Michigan Association of State Universities.

UNDERWRITING COMMITTEE

Michael (Mick) Doxey
Grand Valley State University
Chair, M.U.S.I.C. Underwriting Committee

In 2014-15 the Underwriting Committee completed the Risk Funding Project, which was undertaken to define M.U.S.I.C.'s long-term risk retention policy and periodic payment allocation methodology. This year, 2017-18 was the third year utilizing the methodology. It was yet another test of whether we achieved the project goals to reduce the volatility in periodic payment adjustments for our Members. For the upcoming policy year (2018-19) M.U.S.I.C. Periodic Payments for General Liability, Errors & Omissions and Automobile Liability will increase by 0.5% with individual Member adjustments ranging from -4.6% to +2.9%. These results are positive and continue to reinforce the effectiveness of the way M.U.S.I.C. approaches the allocation of periodic payments to its Members.

In keeping with our goal of reviewing coverages and limits, we added $5M additional excess E&O Liability limits. Producer's Liability coverage was added to the Media program and coverage for General Data Protection Regulation (GDPR) was added to the Cyber Liability program. Additional options for Members to select for the Cyber Liability program included $5M excess of $250K for fraudulent instruction (social engineering), $5M Excess limits, and an additional $5M excess of $5M.

One of the most important tasks for the Underwriting Committee annually is the renewal of the various insurance policies and coverages. With a concentration on starting early in the process and staying focused, the Underwriting Committee Members and Marsh were able to bring solid renewal numbers to the Board in a very timely manner.

In preparation for the renewal, the Underwriting Committee conducted meetings with M.U.S.I.C.'s current and potential carriers in the fiscal third quarter. This year, the meetings were held in Chicago and focused on our incumbent and potential Excess Liability carriers, incumbent Medical Malpractice, Cyber Liability and Foreign liability and travel services underwriters.

PRESIDENT & MANAGER'S REPORT

The Underwriting Committee continues to utilize the Executive Premium Summary worksheet, listing all of the renewal data for each Member on a single worksheet for the maximum ease and utility by the Board and each Member on the M.U.S.I.C. website. Many thanks to the Marsh Team Members, Tony Rey and Cheryl Gardner for championing this document for the long-term benefit of the M.U.S.I.C. Members.

At the beginning of each fiscal year, four (4) meetings are scheduled for the Underwriting Committee to accomplish its goals. In addition, the Underwriting Committee and its subcommittees met several more times, both in-person and by conference call, to complete the accomplishments above and many others.

Each Member needs to thank its Underwriting Committee and the Marsh Team for their outstanding dedication to the M.U.S.I.C. cause.

We wish to express our appreciation to the M.U.S.I.C service providers for their working partnerships and dedication to the mission of M.U.S.I.C.
We would also like to extend our sincere gratitude to the individuals who have been responsible for the development and continuing growth of M.U.S.I.C. Due to the expanding demands at all Universities, it is increasingly difficult for Member Institution representatives to devote their valuable time to the important functions of M.U.S.I.C. We are aware of and appreciate the significant commitment that these individuals display. Their involvement provides the framework for a unique and successful Corporation.

Janet Hayden
Executive Director for Risk Management and Compliance
Michigan Technological University
M.U.S.I.C. President

Jerry J. McKay
Senior Vice President
Marsh USA Inc.
M.U.S.I.C. Facility Manger

FINANCIAL HIGHLIGHTS

Fiscal Years Ended June 30, 2018 and 2017

In keeping with our tradition of highlighting key areas of M.U.S.I.C.'s financial performance, we have outlined the following:

M.U.S.I.C.'S CURRENT CLAIM RESERVES FOR ALL YEARS

	INCEPTION DATE
General Liability: $989,403	7/1/87
Errors & Omissions Liability: $1,718,436	7/1/87
Property: $0	10/1/89
Automobile Liability: $143,363	10/1/91
M.U.S.I.C. Physical Damage: $42,429	7/1/04

CUMULATIVE LOSSES PAID BY M.U.S.I.C. COVERAGES

	INCEPTION DATE
General Liability: $8,821,972	7/1/87
Errors & Omissions Liability: $18,273,011	7/1/87
Property: $5,357,569	10/1/89
Automobile Liability: $3,911,833	10/1/91
M.U.S.I.C. Physical Damage: $999,335	7/1/04

PERFORMANCE RATIOS

- M.U.S.I.C.'s total incurred loss ratio (losses/funding) for all contract years decrease to 55% compared to prior year of 50%.
- M.U.S.I.C. Physical Damage Program loss ratio (losses/funding) for all contract years is 102%
- Members' current equity (after provision for all open liability and property claims) is 26% of the Member contributions since inception. M.U.S.I.C. Members have received $45,927,194 in dividends as of June 30, 2018.*

* M.U.S.I.C. and MHEC Property Dividends combined.

MANAGEMENT'S DISCUSSION & ANALYSIS

Fiscal Years Ended June 30, 2018 and 2017

This section of the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) annual financial report presents our discussion and analysis of the financial performance of M.U.S.I.C. during the fiscal years ended June 30, 2018 and 2017. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of management.

Reporting Entity

M.U.S.I.C. was established on May 28, 1987, pursuant to the State of Michigan Constitution of 1963, Article 8, Sections 5 and 6. Subsequently on May 28, 1987, M.U.S.I.C. was incorporated as a Michigan nonprofit corporation pursuant to the provisions of Act 162, Public Acts of 1982. A consortium of 11 of 13 State Universities, M.U.S.I.C. provides indemnity for losses commonly covered by insurance in the areas of General Liability, Errors and Omissions, Automobile Liability and M.U.S.I.C. Physical Damage. Transactions with the participating Member universities relate primarily to assessment of fees and payments of claims and related expenses.

Insurance coverages are structured on a three-layer basis with the exception of M.U.S.I.C. Physical Damage, which is structured on a two-layer basis. Each Member retains a portion of its losses for the first layer, M.U.S.I.C. covers the second layer and commercial carriers cover the third layer. General Liability coverage is provided on an occurrence basis and Errors and Omissions coverage is provided on a claims made basis. Prior to the coverage year beginning July 1, 2016, the applicable aggregate deductible for each Member was based on “prospective projected expected losses” for the upcoming coverage year as determined by the actuary, with M.U.S.I.C. providing coverage above those amounts. Effective with the coverage year beginning July 1, 2016, Members adopted per-occurrence retention limits rather than aggregate coverage year retention limits. The losses within the per-occurrence limits are retained by the Members and losses that exceed the limits are covered by M.U.S.I.C. Members are also provided with an option to purchase an aggregate coverage year retention limit. All of the participating universities are subject to additional assessments if the obligations and expenses (claims) of M.U.S.I.C. exceed the combined periodic payments and accumulated operational reserves for any given year.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) pronouncements. Accordingly, the accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements presented focus on the financial condition of M.U.S.I.C., the results of operations and cash flows of M.U.S.I.C. as a whole.

The Statement of Net Position includes all assets and liabilities. The Statement of Net Position is categorized as to current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity to fund current operations or which are collectible or due within 12 months of the statement date.

Using the Annual Report (Continued)

The Statement of Revenues, Expenses and Changes in Net Position presents operating revenues and expenses, as well as non-operating revenues and expenses, and dividends paid during the year. Major sources of revenues are premium income from participating Members and investment income. Major sources of operating expenses are losses and loss adjustment expenses related to claims and general and administrative expenses.

The Statement of Cash Flows is presented on the direct method of reporting, which reflects cash flows from operating, financing and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

Financial Highlights

There was an increase of $1.9 million in Net Position for the fiscal year ended June 30, 2018, and no dividend payment was distributed to Members from reserve balances of closed policy years. Operating revenues of $2.8 million exceeded operating expenses of $2.0 million which resulted in operating income of $0.8 million for the year; non-operating revenues and expenses consisted of $1.1 million in net investment income.

There was an increase of $2.4 million in Net Position for the fiscal year ended June 30, 2017, and no dividend payment was distributed to Members from reserve balances of closed policy years. Operating revenues of $2.8 million exceeded operating expenses of $2.3 million which resulted in operating income of $.5 million for the year; non-operating revenues and expenses consisted of $2.0 million in net investment income.

Condensed Financial Information

Condensed Statements of Net Position

	June 30		
	2018	**2017**	**2016**
Assets:			
Current assets	**$ 2,317,987**	$ 4,051,856	$ 2,541,629
Long-term investments	**18,808,783**	17,954,234	15,930,820
Total assets	**21,126,770**	22,006,090	18,472,449
Liabilities:			
Current liabilities	**1,674,760**	1,931,592	1,659,035
Noncurrent liabilities	**2,127,763**	4,657,353	3,828,165
Total liabilities	**3,802,523**	6,588,945	5,487,200
Total net position	**$ 17,324,247**	$ 15,417,145	$ 12,985,249

Continued . . .

Financial Highlights (Continued)

As of June 30, 2018 total assets of $21 million included cash, cash equivalents and investments of $20.6 million. As of June 30, 2017 total assets of $22.0 million included cash, cash equivalents and investments of $21.6 million.

The largest liability is claim and claim expense reserves which totaled $2.9 million as of June 30, 2018 and $5.8 million as of June 30, 2017.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30		
	2018	**2017**	**2016**
Operating revenues	**$ 2,826,104**	$ 2,763,886	$ 3,066,753
Operating expenses	**2,024,450**	2,326,063	3,119,537
Operating income (loss)	**801,654**	437,823	(52,784)
Non-operating revenues (expenses):			
Net investment income (loss)	**1,105,448**	1,994,073	(552,265)
Net income (loss) before dividends	**1,907,102**	2,431,896	(605,049)
Dividends paid to Members	**-**	-	(1,310,585)
Change in net position	**1,907,102**	2,431,896	(1,915,634)
Net position:			
Net position at beginning of year	**15,417,145**	12,985,249	14,900,883
Net position at end of year	**$ 17,324,247**	$ 15,417,145	$ 12,985,249

The primary source of operating revenues for M.U.S.I.C. is participant contributions for retained risks and administration.

Condensed Statements of Cash Flows

	Year Ended June 30		
	2018	**2017**	**2016**
Cash from:			
Operating activities	**$ (2,151,497)**	$ 1,436,190	$ 1,933,330
Noncapital financing activities	**-**	-	(1,310,585)
Investing activities	**250,899**	(29,341)	425,122
Change in cash and cash equivalents	**(1,900,598)**	1,406,849	1,047,867
Cash and cash equivalents at beginning of year	**3,680,814**	2,273,965	1,226,098
Cash and cash equivalents at end of year	**$ 1,780,216**	$ 3,680,814	$ 2,273,965

Financial Highlights (Continued)

The primary source of funds included in operating activities is participant contributions for retained risks, excess insurance and administration of $4.2 million for June 30, 2018 and $5.0 million for June 30, 2017. The primary use of funds included in operating activities for the year ended June 30, 2018 is payment of claims and claim expenses of $3.4 million, and for the payment of excess insurance coverage of $1.6 million for June 30, 2018 and $1.9 million for June 30, 2017. Noncapital financing activities included no dividends paid to Members for June 30, 2018 and no dividends paid to Members for June 30, 2017.

Factors Impacting Future Periods

Some significant factors that could impact M.U.S.I.C. in future periods are future claims losses, changes in reserves, insurance and reinsurance costs and the investment performance of financial markets. With regards to future losses, risk management and loss control services and programs are an essential part of services provided to M.U.S.I.C. Members. M.U.S.I.C.'s loss reserves are reviewed periodically by an independent actuary and there is a regular independent claims review. Investment income is an important source of revenue for offsetting insurance costs for M.U.S.I.C. M.U.S.I.C. uses an investment policy which establishes an asset allocation to balance its expected investment return and risk, and to provide sufficient liquidity for claims payments. Indirectly, investment performance and insurance losses of reinsurers could have an impact on M.U.S.I.C.'s insurance costs. M.U.S.I.C. requires the reinsurers it uses to have an AM Best rating of "A-" or better and a minimum size category rating of nine.

In order to obtain the best value, M.U.S.I.C. annually assesses insurance markets to identify cost effective coverage for its Members. With the goal of attaining best practices, M.U.S.I.C. participates in formal discussions with its Members and other university pools in North America to share strategies and benchmark current procedures.

AHP
CPAs & ADVISORS

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Report of Independent Auditors

Board of Directors
Michigan Universities Self-Insurance Corporation
Southfield, Michigan

We have audited the accompanying financial statements of Michigan Universities Self-Insurance Corporation as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise M.U.S.I.C.'s financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ANN ARBOR | AUBURN HILLS | BAY CITY | GRAND RAPIDS | GREATER LANSING | MIDLAND | OWOSSO | SAGINAW

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of M.U.S.I.C. as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A); Schedule 1; and Schedule 2 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audits of the 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of M.U.S.I.C. Schedules 3 and 4 are presented for purposes of additional analysis and are not a required part of the financial statements.

Schedules 3 and 4 have not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Emphasis of Matter

As discussed in Note 6 to the financial statements, during the fiscal year ended June 30, 2017, a group of claims were made against a former M.U.S.I.C. member that have the potential for significant losses both individually and in the aggregate. The recorded loss reserves in the financial statements do not include a provision for losses related to these potential claims.

Andrews Hooper Pavlik PLC

Auburn Hills, Michigan
September 25, 2018

Michigan Universities Self-Insurance Corporation

STATEMENTS OF NET POSITION

June 30, 2018 and 2017

	June 30 2018	June 30 2017
Assets		
Current assets		
Cash and cash equivalents	**$ 1,780,216**	$ 3,680,814
Member receivables	**457,979**	212,611
Prepaid expenses	**79,792**	158,431
Total current assets	**2,317,987**	4,051,856
Long-term investments, at fair value	**18,808,783**	17,954,234
Total assets	**$ 21,126,770**	$ 22,006,090
Liabilities		
Current liabilities		
Claim and claim expense reserves (current portion)	**$ 765,868**	$ 1,108,631
Unearned participant contributions	**757,733**	742,685
Accrued expenses and premium refunds	**151,159**	80,276
Total current liabilities	**1,674,760**	1,931,592
Noncurrent liabilities		
Claim and claim expense reserves:		
General liability	**989,403**	987,357
Errors and omissions liability	**1,718,436**	4,589,369
Automobile liability	**143,363**	179,170
M.U.S.I.C. physical damage	**42,429**	10,088
Total claim and claim expense reserves	**2,893,631**	5,765,984
Less: current portion	**(765,868)**	(1,108,631)
Total noncurrent liabilities	**2,127,763**	4,657,353
Total liabilities	**3,802,523**	6,588,945
Net position	**17,324,247**	15,417,145
Total liabilities and net position	**$ 21,126,770**	$ 22,006,090

See accompanying notes.

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION

Fiscal Years Ended June 30, 2018 and 2017

	Year Ended June 30 2018	2017
Operating revenues		
Participant contributions:		
Retained risks	**$ 1,637,688**	$ 1,601,116
Administration	**1,173,810**	1,161,889
Total participant contributions	**2,811,498**	2,763,005
Other	**14,606**	881
Total operating revenues	**2,826,104**	2,763,886
Operating expenses		
Claim and claim expenses incurred:		
Claim and claim expenses paid, net	**3,404,256**	353,155
Change in claim and claim expense reserves	**(2,872,353)**	811,019
Total claim and claim expenses incurred	**531,903**	1,164,174
General and administrative expenses	**1,492,547**	1,161,889
Total operating expenses	**2,024,450**	2,326,063
Operating income	**801,654**	437,823
Non-operating revenues		
Net investment income:		
Interest and dividends, net	**447,079**	347,380
Realized and unrealized gains on investments	**658,369**	1,646,693
Net investment income	**1,105,448**	1,994,073
Change in net position	**1,907,102**	2,431,896
Net position		
Beginning of year	**15,417,145**	12,985,249
End of year	**$ 17,324,247**	$ 15,417,145

See accompanying notes.

STATEMENTS OF CASH FLOWS

Fiscal Years Ended June 30, 2018 and 2017

	Year Ended June 30 2018	2017
Cash flows from operating activities		
Receipts from:		
Retained risks	**$ 1,392,320**	$ 1,656,169
Excess insurance	**1,635,458**	1,899,352
Administration	**1,188,858**	1,432,259
Other	**14,606**	881
Total receipts	**4,231,242**	4,988,661
Payments for:		
Claim and claim expenses paid, net	**(3,404,256)**	(353,155)
Excess insurance	**(1,635,458)**	(1,899,352)
General and administrative expenses	**(1,343,025)**	(1,299,964)
Total payments	**(6,382,739)**	(3,552,471)
Net cash from operating activities	**(2,151,497)**	1,436,190
Cash flows from investing activities		
Purchases of investments	**(4,305,859)**	(376,721)
Proceeds from sales of investments	**4,109,679**	-
Net investment income	**447,079**	347,380
Net cash from investing activities	**250,899**	(29,341)
Net change in cash and cash equivalents	**(1,900,598)**	1,406,849
Cash and cash equivalents at beginning of year	**3,680,814**	2,273,965
Cash and cash equivalents at end of year	**$ 1,780,216**	$ 3,680,814
Reconciliation of operating income to net cash from operating activities:		
Operating income	**$ 801,654**	$ 437,823
Change in:		
Member receivables	**(245,368)**	55,053
Prepaid expenses	**78,639**	(158,431)
Claim and claim expense reserves	**(2,872,353)**	811,019
Unearned participant contributions	**15,048**	270,370
Accrued expenses and premium refunds	**70,883**	20,356
Net cash from operating activities	**$ (2,151,497)**	$ 1,436,190

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

Fiscal Years Ended June 30, 2018 and 2017

(1) Background

The Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) was established on May 28, 1987, pursuant to the State of Michigan Constitution of 1963, Article 8, Sections 5 and 6. Subsequently on May 28, 1987, M.U.S.I.C. was incorporated as a Michigan nonprofit corporation pursuant to the provisions of Act 162, Public Acts of 1982. Eleven Michigan public universities participate in M.U.S.I.C. All Members signed a Participation Agreement to provide indemnity for certain losses commonly covered by insurance, to adjust claims, to provide for legal defense and to provide risk management and loss control services and programs. In May 1987, M.U.S.I.C. received guidance indicating that a group self-insurance pool formed by public colleges and universities would not be subject to the provisions of the Michigan insurance code.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

M.U.S.I.C. prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) pronouncements. Accordingly, the accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with GASB pronouncements.

(b) Cash and Cash Equivalents

Cash and cash equivalents are liquid assets maturing no more than three months from purchase date, and include money market funds.

(c) Investments

M.U.S.I.C. accounts for investments under the provisions of GASB's Statement No. 31*, Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31). Under GASB 31, investments are carried at fair value with changes in the fair value reported as investment income. Fair value of investments is determined based on quoted market prices as of each reporting date.

Dividend and interest income is recognized when earned. Realized gains and losses are derived using the specific identification method for determining the costs of securities sold. The increase or decrease in fair value of investments in the statements of revenues, expenses and changes in net position includes both realized and unrealized gains and losses. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Short-term and cash equivalent investments represent investments that are available to fund current operations. Long-term investments are intended to satisfy obligations in excess of one year.

(2) Summary of Significant Accounting Policies (continued)

(d) Member Receivables

Member receivables represent amounts due from Members for claims paid on their behalf, which did not exceed the respective Members' aggregate retention limits.

(e) Claim and Claim Expense Reserves

Claim and claim expense reserve estimates are recorded net of excess coverages. These reserve estimates do not include unallocated loss adjustment expenses which are not considered significant. The current portion represents claims from prior fiscal years expected to be paid during the next fiscal year.

(f) Unearned Participant Contributions

Unearned participant contributions represent contributions received prior to year end for coverage periods subsequent to year end, plus contributions assessed for administrative expenses in excess of actual amounts incurred to be used to offset future years' administrative contributions.

(g) Participant Contributions

Participant contributions are assessed on an annual basis to cover retained insurance risks, costs of excess coverages and general and administrative expenses, and are earned over the terms of the underlying coverages on a monthly pro-rata basis.

(h) Claim and Claim Expenses

Claim and claim expenses are net of salvage and subrogation aggregating $5,961 for the fiscal year ended June 30, 2018 and $1,879 for the fiscal year ended June 30, 2017.

(i) General and Administrative Expenses

General and administrative expenses represent all operational costs not including claim and claim expenses.

(j) Income Taxes

A tax determination letter has been obtained from the Internal Revenue Service stating that M.U.S.I.C.'s income related to Member contributions and related investment income is excludable from gross income under Section 115 of the Internal Revenue Code. As such, no provision for federal income taxes has been recorded.

(2) Summary of Significant Accounting Policies (continued)

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Excess Insurance

Excess insurance contributions from participants are passed through to the excess insurance carriers. These amounts are reflected in the statements of cash flows.

(m) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the prior year net position, changes in net position, or cash flows as previously reported.

(n) Fair Value Measurements

M.U.S.I.C. has applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

(3) Deposits and Investment Risk

M.U.S.I.C. has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

M.U.S.I.C.'s investment policy, as established and approved by the Board of Directors and Finance Committee, authorizes the deposit and investment of assets in equities, fixed income, real assets, diversifying strategies and cash equivalents, subject to certain limitations as to concentration, diversification and quality of the securities. M.U.S.I.C. utilizes common trust/mutual funds, commingled investment funds and equity securities to meet the objectives and investment criterion established for the underlying portfolio.

Continued . . .

(3) Deposits and Investment Risk (continued)

The investment asset allocation, measured by market value, M.U.S.I.C. utilizes to meet their investment objectives is as follows:

Asset Class	Allocation Range	Target Allocation
Equities	45 to 65%	55%
Fixed income	15 to 40%	25%
Real assets	0 to 20%	10%
Diversifying strategies	0 to 20%	10%
Cash equivalents	0 to 10%	0%

M.U.S.I.C. has designated Comerica Bank as the trustee/custodian of its deposits and investments.

M.U.S.I.C.'s cash, cash equivalents and investments are subject to several types of risk, which are examined in more detail below:

<u>Custodial credit risk of bank deposits</u>

Custodial credit risk is the risk that, in the event of a bank failure, M.U.S.I.C.'s deposits may not be returned. M.U.S.I.C. does not have a deposit policy for custodial credit risk of bank deposits. As of June 30, 2018 the bank deposit balance of $1,556,465 had $1,056,465 that was uninsured and uncollateralized. As of June 30, 2017 the bank deposit balance of $3,730,392 had $3,228,441 that was uninsured and uncollateralized. The carrying amounts of M.U.S.I.C.'s deposits with financial institutions were $1,429,436 as of June 30, 2018 and $3,641,489 as of June 30, 2017. M.U.S.I.C. believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, M.U.S.I.C. evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

(3) Deposits and Investment Risk (continued)

Custodial credit risk of investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, M.U.S.I.C. will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. M.U.S.I.C. does not have a deposit policy for custodial credit risk of investments. M.U.S.I.C. minimizes its custodial risks by assessing the financial institutions, broker/dealers, intermediaries and advisors with which it does business. M.U.S.I.C. holds its investments in common trust/mutual funds, commingled investment funds and equity securities.

Interest rate risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Other than limiting the duration to within 20% of the effective duration of the appropriate benchmark, M.U.S.I.C.'s policy does not specifically address interest rate risk, but this risk is considered as part of the overall risk versus investment return characteristics of the overall portfolio. The interest rate risk of most of the fixed income investments is considered as part of the overall risk of the investment portfolio when establishing its asset allocation.

Credit risk

M.U.S.I.C.'s investment policy allows the use of pooled funds for both investment grade fixed income investments and high yield investments. Investment grade fixed income investment managers shall maintain an overall weighted average credit rating of A or better and hold no more than 10% of the portfolio in below investment grade securities (Baa/BBB). High yield investment managers shall maintain an overall weighted average credit rating of B or better and hold no more than 20% of the portfolio in high yield investments rated below B.

For both investment grade and high yield investments, no one issuer may exceed 5% of the total portfolio as measured by market value, except for securities issued by the U.S. Government or its agencies.

M.U.S.I.C. limits its investment choices for cash equivalent investments to institutional money market funds with high quality securities.

Continued . . .

(3) Deposits and Investment Risk (continued)

Credit risk (continued)

Investment Type	Fair Value June 30 2018	Fair Value June 30 2017	Weighted Average Maturity Years 2018	Weighted Average Maturity Years 2017
Money market funds	**$ 350,780**	$ 39,325	Less than 1 year	
Fixed income mutual funds	**4,419,880**	4,182,799	1.0 – 6.4	.9 – 6.3
International commingled fund	**1,512,374**	-	N/A	
Exchange traded note	**-**	456,934	N/A	
Real estate commingled fund	**1,068,779**	998,993	N/A	
Hedge funds	**2,888,842**	2,930,702	N/A	
Natural resources mutual funds	**921,050**	-	N/A	
International equity mutual funds	**3,988,193**	4,677,058	N/A	
Domestic equity mutual funds	**4,009,665**	4,707,748	N/A	
Total fair value of investments	**$19,159,563**	$17,993,559		

The credit quality ratings of the holdings within the fixed income mutual funds category ranged from AAA to D as of June 30, 2018. The credit quality ratings of the holdings within the fixed income mutual funds category ranged from AAA to CCC as of June 30, 2017.

The rating organizations used by M.U.S.I.C. to rate its investments include Standard & Poor's and other rating organizations.

(3) Deposits and Investment Risk (continued)

Credit risk (continued)

	Fair Value	
	June 30	
Investment Classification	**2018**	**2017**
Reported as long-term investments	**$18,808,783**	$17,954,234
Subtotal	**18,808,783**	17,954,234
Reported as cash and cash equivalents	**1,780,216**	3,680,814
Less: cash deposits	**1,429,436**	3,641,489
Subtotal	**350,780**	39,325
Total investments	**$19,159,563**	$17,993,559

Concentration of credit risk

M.U.S.I.C. limits the amount that may be invested in any one issuer to no more than 5% of the outstanding securities of any one issuer and no more than 5% of M.U.S.I.C.'s portfolio with any single issuer, except for U.S. Treasury and Agency securities. There were no investments that individually exceeded 5% of any one issuer or 5% of M.U.S.I.C.'s total investment portfolio as of June 30, 2018 and 2017. Investments in mutual funds, external investment pools and other pooled investments are excluded from concentration of credit risk disclosures under GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

Foreign currency risk

Foreign currency risk is the risk that an investment denominated in a currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. M.U.S.I.C.'s investment or deposit policy does not address foreign currency risk. M.U.S.I.C. had investments in hedge funds and international equity mutual funds of $8,389,409 as of June 30, 2018 and $7,607,760 as of June 30, 2017, all of which were subject to foreign currency risk.

(4) Investments

Investments held as of June 30, 2018 and 2017 are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of June 30, 2018				
Fixed income mutual funds	**$ 4,570,166**	**$ -**	**$ 150,286**	**$ 4,419,880**
International commingled fund	**1,512,374**	**-**	**-**	**1,512,374**
Real estate commingled fund	**970,108**	**98,671**	**-**	**1,068,779**
Hedge funds	**2,090,518**	**798,324**	**-**	**2,888,842**
Natural resources mutual funds	**928,583**	**-**	**7,533**	**921,050**
International equity mutual funds	**3,212,584**	**775,609**	**-**	**3,988,193**
Domestic equity mutual funds	**2,526,742**	**1,482,923**	**-**	**4,009,665**
Total	**$ 15,811,075**	**$ 3,155,527**	**$ 157,819**	**$ 18,808,783**
As of June 30, 2017				
Fixed income mutual funds	$ 4,220,274	$ -	$ 37,475	$ 4,182,799
Exchange traded note	714,196	-	257,262	456,934
Real estate commingled fund	957,308	41,685	-	998,993
Hedge funds	2,169,406	761,296	-	2,930,702
International equity mutual funds	3,640,753	1,036,305	-	4,677,058
Domestic equity mutual funds	3,246,773	1,460,975	-	4,707,748
Total	$ 14,948,710	$ 3,300,261	$ 294,737	$ 17,954,234

There were proceeds of $4,109,679 from the sale of securities in fiscal year 2018 and no proceeds in fiscal year 2017. There were gross gains of $953,085 in 2018 and no gross gains in 2017, and gross losses of $286,900 in 2018 and no gross losses in 2017 were realized on such sales.

The acquisition of the international commingled fund was pending as of June 30, 2018. The trade settled on July 1, 2018.

(5) Fair Value Measurements

M.U.S.I.C. categorizes its fair value measurements 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. M.U.S.I.C.'s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

M.U.S.I.C. has the following recurring fair value measurements as of June 30, 2018 and 2017:

	Balance at June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Fixed income mutual funds	$ 4,419,880	$ 4,419,880	$ -	$ -
Equity securities				
Large cap composite mutual fund	2,998,331	2,998,331	-	-
Small cap composite mutual fund	1,011,334	1,011,334	-	-
Hedged equity composite fund	931,661	931,661	-	-
International equity mutual funds	3,988,193	3,988,193	-	-
Natural resources mutual funds	921,050	921,050	-	-
Total investments by fair value level	$ 14,270,449	$ 14,270,449	$ -	$ -
Investments measured at the net asset value (NAV)				
Diversifying strategies hedge fund	1,957,181			
Real estate commingled fund	1,068,779			
International commingled fund	1,512,374			
Total investments measured at the net asset value	4,538,334			
Total investments measured at fair value	$ 18,808,783			

(5) Fair Value Measurements (continued)

	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Fixed income mutual funds	$ 4,182,799	$ 4,182,799	$ -	$ -
Equity securities				
Large cap composite mutual fund	2,815,542	2,815,542	-	-
Small cap composite mutual fund	1,892,206	1,892,206	-	-
Exchange traded note	456,934	456,934	-	-
Hedged equity composite fund	825,782	825,782	-	-
International equity mutual funds	4,677,058	4,677,058	-	-
Total investments by fair value level	$ 14,850,321	$ 14,850,321	$ -	$ -
Investments measured at the net asset value (NAV)				
Diversifying strategies hedge fund	2,104,920			
Real estate commingled fund	998,993			
Total investments measured at the net asset value	3,103,913			
Total investments measured at fair value	$ 17,954,234			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments in Entities that Calculate Net Asset Value per Share

M.U.S.I.C. holds shares or interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

(5) Fair Value Measurements (continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	June 30, 2018	June 30, 2017	June 30, 2018		
	Fair Value	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency, if Eligible**	**Redemption Notice Period**
Diversifying strategies hedge fund	**$ 1,957,181**	$ 2,104,920	$ -	Semi-Annually	95 days
Real estate commingled fund	**1,068,779**	998,993	-	Quarterly	10 days
International commingled fund	**1,512,374**	-	-	Monthly	45 days
Total	**$ 4,538,334**	$ 3,103,913	$ -		

The diversifying strategies hedge fund employs an absolute return philosophy that focuses on managers who have low volatility of returns and whose top priority is consistent profitability. The specific investment objective is to earn 300 to 400 basis points over the 90-day T-bill rate with low volatility and little or no correlation to the broader markets. The fund uses a multi-manager strategy to allow for the shifting of capital between the highest risk/reward opportunities. They also tend to invest with larger, blue chip managers with well-established back offices and risk management functions. The strategies pursued by the fund's managers include convertible bond arbitrage, distressed securities, hedged equity, fixed income arbitrage, merger arbitrage and other event-driven strategies.

The real estate commingled fund is a diversified core real estate fund that seeks real estate investments that can generate strong long-term returns. The fund primarily invests in core institutional-quality office, retail, industrial and multi-family properties located throughout the United States. The fund is diversified by product type, geographic region and economic exposure in order to mitigate investment risk.

The international commingled fund is a diversified global equity fund that seeks mispriced securities which are identified by applying consistent, in-depth fundamental research. The investment philosophy is based on the belief that a company's valuation is a function of its future financial productivity adjusted for associated risk.

(5) Fair Value Measurements (continued)

Disclosures regarding redemption limitations and other restrictions

The diversifying strategies hedge fund is subject to two different redemption schedules based on the date of investment. The initial investment of $1.1 million allows for semi-annual redemptions every June 30th and December 31st. The second investment of $525,000 allows for semi-annual redemptions every April 30th and October 31st. All redemption requests require a 95 day notification.

The real estate fund commingled fund allows quarterly redemptions with a ten (10) day notification.

The international commingled fund allows monthly redemptions with a 45 day notice.

Disclosures regarding planned sales

As a normal part of the investment rebalancing processes, M.U.S.I.C. may add to or initiate withdrawals from these holdings to bring the total portfolio back to pre-established targets as they deem appropriate.

(6) Claim and Claim Expense Reserves

Claim and claim expense reserves are comprised of management's estimate, in consultation with its certified independent actuary, of the total remaining liability, including claim expenses, for reported claims plus a reserve for claims incurred but not reported (IBNR), both of which are established net of individual Members' retention levels. Such liabilities are based on estimates, and while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. M.U.S.I.C.'s current reserve policy is to establish reserves on an actuarially sound basis, taking into consideration M.U.S.I.C.'s and industry experience. The reserves are recorded in the financial statements on an undiscounted basis at the 58-68% confidence level in 2017 and approximately 56-68% confidence level in 2018. The methods of making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in current earnings.

(6) Claim and Claim Expense Reserves (continued)

During the fiscal year ended June 30, 2017, a group of claims were made against a former M.U.S.I.C. member that include events which took place prior to July 1, 2000, the effective date of the former member's withdrawal from M.U.S.I.C. These claims have the potential for significant losses, both individually and in the aggregate against the former member. M.U.S.IC., along with the former members' insurers, was put on notice of the claims by the former member, and M.U.S.I.C. denied coverage for the claims. Only basic demographics have been provided for the claims to date, and no case or overall reserves have been estimated or recorded for the claims as of June 30, 2018.

The following represents changes in the reserves for claim and claim expense reserves for the fiscal years ended June 30:

	2018	2017
Claim and claim expense reserves at beginning of year	**$ 5,765,984**	$ 4,954,965
Net incurred claims and claim adjustment expenses:		
Current year provision	**1,404,138**	1,447,042
Decrease in provision for prior years	**(872,235)**	(282,868)
Total incurred claims and claim adjustment expenses	**531,903**	1,164,174
Claim and claim adjustment expense payments attributable to:		
Current year	**96,028**	98,090
Prior years	**3,308,228**	255,065
Total payments	**3,404,256**	353,155
Claim and claim expense reserves at end of year	**$ 2,893,631**	$ 5,765,984

Continued . . .

(7) Loss Coverages

Loss coverages by policy form in effect as of June 30, 2018 are summarized as follows:

Contract/Policies	Member Per Occurrence Retentions	Member Aggregate Retentions	M.U.S.I.C. Limits	Excess Insurance Limits*
General Liability	$100,000 to $250,000	$100,000 to $250,000	$2,000,000 per occurrence: $6,000,000 aggregate	$100,000,000 per occurrence and aggregate
Errors and Omissions Liability	$100,000 to $500,000	$100,000 to $1,000,000	$2,000,000 per claim made; $6,000,000 aggregate	$25,000,000 per claim made and aggregate
Automobile Liability	None	N/A	$1,000,000 per occurrence	$100,000,000 per occurrence and aggregate
M.U.S.I.C. Physical Damage	$5,000 per occurrence	N/A	$300,000 per occurrence	None

* M.U.S.I.C. requires that excess insurance carriers have an AM Best rating of A- or better and a category rating (size) of 9 or more (out of 15). M.U.S.I.C. utilized seven excess insurance carriers related with the above listed coverages during the 2018 policy period.

(8) Withdrawals, Terminations, Dissolution and Assessments

Members must provide an irrevocable notice of withdrawal up to two years prior to the effective date of withdrawal. These provisions do not apply if M.U.S.I.C. significantly reduces policy limits or the kinds of coverages offered. Termination of membership, which may result from specific acts or omissions, requires a 90-day notice and a majority vote by the Board of Directors.

Dissolution can result from a petition supported by a majority of Members or Members representing 50% or more of total annual contributions. Excess funds can be returned to Members pursuant to the terms and conditions of the Participation Agreement; insufficient funds shall result in assessments to Members during the period giving rise to the deficiency.

(9) Dividends

Dividends were not declared nor paid to Members during the 2018 and 2017 fiscal years.

(10) Contingencies

In the normal course of business operations, M.U.S.I.C. is involved in litigation from time to time. In the opinion of management of M.U.S.I.C., the ultimate liability, if any, would not have a material adverse financial effect upon M.U.S.I.C.'s financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Years Ended June 30, 2018 and 2017

Michigan Universities Self-Insurance Corporation

CLAIMS DEVELOPMENT INFORMATION

Fiscal Years Ended June 30, 2018 and 2017

		2009	2010	2011	2012
1.	Required contributions and investment income	$ 836,003	$ 4,867,850	$ 6,598,429	$ 2,814,555
2.	Expenses other than allocated claim adjustment expenses	1,237,644	1,284,659	1,172,814	1,167,151
3.	Estimated incurred claims and allocated claim adjustment expenses, end of policy year	1,412,224	639,370	640,525	822,153
4.	Cumulative net paid claims and allocated claim adjustment expenses as of:				
	End of policy year	451,748	64,905	56,912	64,459
	One year later	948,010	95,175	79,904	183,278
	Two years later	1,515,186	146,042	574,435	207,737
	Three years later	1,619,489	185,729	991,671	745,385
	Four years later	1,940,017	185,764	1,407,989	226,729
	Five years later	1,951,472	185,764	1,313,049	226,729
	Six years later	1,951,493	185,764	1,315,697	719,980
	Seven years later	1,951,493	185,764	3,552,841	
	Eight years later	1,951,493	185,764		
	Nine years later	1,951,493			
5.	Reestimated net incurred claims and allocated claim adjustment expenses:				
	End of policy year	1,412,224	639,370	640,525	822,153
	One year later	1,659,803	506,348	754,802	537,598
	Two years later	1,991,263	280,522	1,938,494	388,522
	Three years later	1,690,954	255,466	3,084,412	861,124
	Four years later	2,156,649	398,278	3,071,792	606,923
	Five years later	1,951,472	374,148	3,539,143	596,522
	Six years later	1,951,493	185,764	3,810,082	765,367
	Seven years later	1,951,493	185,764	3,557,568	
	Eight years later	1,951,493	185,764		
	Nine years later	1,951,493			
6.	Increase (decrease) in estimated net incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	539,269	(453,606)	2,917,043	(56,786)

2013	2014	2015	2016	2017	2018
$ 5,207,116	$ 5,793,375	$ 3,127,099	$ 2,492,903	$ 4,757,078	$ 3,916,946
1,060,616	1,250,915	1,167,728	1,113,513	1,161,889	1,492,547
1,100,360	315,773	785,605	1,356,179	1,447,042	1,404,138
48,895	59,638	173,095	161,235	98,090	96,028
85,181	105,111	386,957	325,246	263,276	
90,617	105,111	414,638	505,457		
683,721	105,111	414,638			
744,446	337,547				
744,446					
1,100,360	315,773	785,605	1,356,179	1,447,042	1,404,138
632,269	268,436	1,095,342	1,253,726	1,046,616	
636,607	364,225	730,007	797,992		
869,955	305,998	547,694			
852,564	494,315				
914,154					
(186,206)	178,542	(237,911)	(558,187)	(400,426)	—

RECONCILIATION OF UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES BY TYPE OF CONTRACT

Fiscal Years Ended June 30, 2018 and 2017

Schedule 2

	Year Ended June 30, 2018				
	General Liability	Errors and Omissions Liability	Automobile Liability	M.U.S.I.C. Physical Damage	Total
Claim and claim expense reserves at beginning of year	**$ 987,357**	**$ 4,589,369**	**$ 179,170**	**$ 10,088**	**$ 5,765,984**
Net incurred claims and claim adjustment expenses:					
Current year provision	**455,562**	**719,749**	**109,270**	**119,557**	**1,404,138**
Increase (decrease) in provision for prior years	**(402,207)**	**(340,247)**	**(123,464)**	**(6,317)**	**(872,235)**
Total incurred claims and claim adjustment expenses	**53,355**	**379,502**	**(14,194)**	**113,240**	**531,903**
Claim and claim adjustment expense payments attributable to:					
Current year	**-**	**-**	**18,900**	**77,128**	**96,028**
Prior years	**51,309**	**3,250,435**	**2,713**	**3,771**	**3,308,228**
Total payments	**51,309**	**3,250,435**	**21,613**	**80,899**	**3,404,256**
Claim and claim expense reserves at end of year	**$ 989,403**	**$ 1,718,436**	**$ 143,363**	**$ 42,429**	**$ 2,893,631**

	Year Ended June 30, 2017				
	General Liability	Errors and Omissions Liability	Automobile Liability	M.U.S.I.C. Physical Damage	Total
Claim and claim expense reserves at beginning of year	$ 865,471	$ 3,839,935	$ 239,559	$ 10,000	$ 4,954,965
Net incurred claims and claim adjustment expenses:					
Current year provision	417,739	809,326	160,141	59,836	1,447,042
Increase (decrease) in provision for prior years	(290,939)	95,656	(77,585)	(10,000)	(282,868)
Total incurred claims and claim adjustment expenses	126,800	904,982	82,556	49,836	1,164,174
Claim and claim adjustment expense payments attributable to:					
Current year	-	-	48,342	49,748	98,090
Prior years	4,914	155,548	94,603	-	255,065
Total payments	4,914	155,548	142,945	49,748	353,155
Claim and claim expense reserves at end of year	$ 987,357	$ 4,589,369	$ 179,170	$ 10,088	$ 5,765,984

OTHER SUPPLEMENTARY INFORMATION

Fiscal Years Ended June 30, 2018 and 2017

Michigan Universities Self-Insurance Corporation

RETAINED EARNINGS (Unaudited)

Fiscal Years Ended June 30, 2018 and 2017

General Liability	1987-1997	1997-1998	1998-1999	1999-2000
Accumulated:				
Paid-in and other	$ 7,770,636	$ 398,382	$ 378,000	$ 397,000
Investment income	5,232,962	339,991	352,434	(1,737,819)
Paid-out claims and other	(3,536,668)	(111,188)	(153,326)	(1,468,886)
Dividends	(6,775,092)	(626,086)	—	(955,290)
Reallocation of funds	(2,691,838)	(1,099)	(577,108)	3,764,995
Members' earnings cash balance	—	—	—	—
Reserve balance	—	—	—	—
Members' earnings	$ —	$ —	$ —	$ —

Errors and Omissions Liability	1987-1997	1997-1998	1998-1999	1999-2000
Accumulated:				
Paid-in and other	$ 7,554,804	$ 1,218,696	$ 1,340,000	$ 1,442,000
Investment income	9,376,620	1,940,810	727,132	593,783
Paid-out claims and other	(8,868,710)	(858,316)	(3,538)	(607,570)
Dividends	(8,062,714)	(2,285,500)	(2,063,594)	(844,889)
Reallocation of funds	—	(47)		(583,373)
Members' earnings cash balance	—	15,643	—	(49)
Reserve balance	—	—	—	—
Members' earnings	$ —	$ 15,643	$ —	$ (49)

Property	1987-1997	1997-1998	1998-1999	1999-2000
Accumulated:				
Paid-in and other	$ 8,013,213	$ 1,000,000	$ 700,000	$ 525,000
Investment income	978,843	43,319	(12,309)	(56,944)
Paid-out claims and other	(2,081,126)	(814,186)	(700,000)	(700,000)
Excess insurance	—	—	—	—
Dividends	(6,910,930)	(229,133)	12,309	231,944
Reallocation of funds	—	—	—	—
Members' earnings cash balance	—	—	—	—
Reserve balance	—	—	—	—
Members' earnings	$ —	$ —	$ —	$ —

Automobile Liability	1987-1997	1997-1998	1998-1999	1999-2000
Accumulated:				
Paid-in and other	$ 2,030,790	$ 417,706	$ 293,000	$ 215,256
Investment income	1,697,661	20,006	(1,063,551)	81,810
Paid-out claims and other	(697,606)	(585,268)	(1,263,650)	(36,985)
Dividends	(849,085)	—	—	(260,081)
Reallocation of funds	(2,181,760)	147,556	2,034,201	—
Members' earnings cash balance	—	—	—	—
Reserve balance	—	—	—	—
Members' earnings	$ —	$ —	$ —	$ —

M.U.S.I.C. Physical Damage	1987-1997	1997-1998	1998-1999	1999-2000
Accumulated:				
Paid-in and other	$ —	$ —	$ —	$ —
Investment income	—	—	—	—
Paid-out claims and other	—	—	—	—
Dividends	—	—	—	—
Members' earnings cash balance	—	—	—	—
Reserve balance	—	—	—	—
Members' earnings	$ —	$ —	$ —	$ —
Total Members' earnings	$ —	$ 15,643	$ —	$ (49)

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
$ 335,253	$ 235,000	$ 279,371	$ 277,768	$ 349,402	$ 450,021
387,165	225,501	190,618	308,900	309,284	272,246
—	(66,964)	(234,282)	—	(8,626)	(133,307)
—	—	—	—	—	(474,730)
(722,418)	(393,537)	(235,707)	(586,668)	(650,060)	(114,230)
—	—	—	—	—	—
—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
$ 1,258,149	$ 1,258,149	$ 979,416	$ 814,364	$ 904,826	$ 898,189
397,765	667,120	648,372	504,251	766,871	611,613
(243,027)	—	(176,860)	—	(34,140)	(222,879)
(1,412,887)	(1,712,410)	(1,450,928)	(1,318,615)	(191,296)	(536,249)
—	(212,859)	—	—	(1,446,261)	(750,674)
—	—	—	—	—	—
—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
$ 174,999	$ 600,000	$ 600,000	$ 600,000	$ —	$ 58,312
(128,071)	117,256	157,257	142,339	—	9,170
—	(238,362)	(139,888)	(600,125)	—	(58,312)
(657,072)	—	—	—	—	—
610,144	(478,894)	(617,369)	(142,214)	—	(9,170)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
$ 215,255	$ 528,281	$ 605,331	$ 453,689	$ 370,233	$ 359,271
62,321	176,577	426,417	344,921	224,484	106,173
(41,440)	(42,090)	(35,702)	(38,476)	(32,304)	(450,078)
(236,136)	(662,768)	(996,046)	(760,134)	(562,413)	(15,366)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
$ —	$ —	$ —	$ —	$ 150,000	$ 149,999
—	—	—	—	126,974	126,888
—	—	—	—	(34,447)	(12,650)
—	—	—	—	—	—
—	—	—	—	242,527	264,237
—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ 242,527	$ 264,237
$ —	$ —	$ —	$ —	$ 242,527	$ 264,237

RETAINED EARNINGS (Unaudited)

Fiscal Years Ended June 30, 2018 and 2017

General Liability	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Accumulated:					
Paid-in and other	$ 634,578	$ 190,241	$ 381,335	$ 503,674	$ 470,343
Investment income	(739,867)	122,649	297,609	463,164	370,578
Paid-out claims and other	(2,102,381)	(27,980)	—	(61,992)	(15,171)
Dividends	—	—	—	—	—
Reallocation of funds	2,207,670	—	—	—	—
Members' earnings cash balance	—	284,910	678,944	904,846	825,750
Reserve balance	—	—	—	—	—
Members' earnings	$ —	$ 284,910	$ 678,944	$ 904,846	$ 825,750

Errors and Omissions Liability	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Accumulated:					
Paid-in and other	$ 774,824	$ 823,233	$ 842,728	$ 1,070,300	$ 1,116,235
Investment income	413,282	431,885	(561,249)	1,078,765	441,777
Paid-out claims and other	(246,616)	(325,631)	(1,858,070)	—	(3,454,044)
Dividends	(941,490)	—	—	—	—
Reallocation of funds	—	(14)	1,576,591	—	1,416,637
Members' earnings cash balance	—	929,473	—	2,149,065	(479,395)
Reserve balance	—	—	—	—	(4,727)
Members' earnings	$ —	$ 929,473	$ —	$ 2,149,065	$ (484,122)

Property	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Accumulated:					
Paid-in and other	$ 29,279	$ —	$ 548	$ —	$ —
Investment income	16,823	—	(19,163)	—	—
Paid-out claims and other	—	—	(25,570)	—	—
Excess insurance	—	—	—	—	—
Dividends	(46,102)	—	44,185	—	—
Reallocation of funds	—	—	—	—	—
Members' earnings cash balance	—	—	—	—	—
Reserve balance	—	—	—	—	—
Members' earnings	$ —	$ —	$ —	$ —	$ —

Automobile Liability	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Accumulated:					
Paid-in and other	$ 258,750	$ 252,800	$ 324,213	$ 344,215	$ 312,318
Investment income	156,226	164,157	211,201	290,370	219,187
Paid-out claims and other	(58,174)	(40,033)	(47,676)	(78,747)	(53,719)
Dividends	(356,802)	—	—	—	—
Reallocation of funds	—	3	—	—	—
Members' earnings cash balance	—	376,927	487,738	555,838	477,786
Reserve balance	—	—	—	—	—
Members' earnings	$ —	$ 376,927	$ 487,738	$ 555,838	$ 477,786

M.U.S.I.C. Physical Damage	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Accumulated:					
Paid-in and other	$ 65,195	$ 84,676	$ 45,195	$ 35,424	$ 41,620
Investment income	12,672	28,790	2,396	(4,707)	7,993
Paid-out claims and other	(83,732)	(40,715)	(40,855)	(41,619)	(29,907)
Dividends	—	—	—	—	—
Members' earnings cash balance	(5,865)	72,751	6,736	(10,902)	19,706
Reserve balance	—	—	—	—	—
Members' earnings	$ (5,865)	$ 72,751	$ 6,736	$ (10,902)	$ 19,706
Total Members' earnings	$ (5,865)	$ 1,664,061	$ 1,173,418	$ 3,598,847	$ 839,120

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Totals
$ 487,203	$ 486,647	$ 455,941	$ 372,050	$ 364,760	$ 460,061	$ 454,506	$ 16,132,172
227,972	162,737	146,826	54,439	16,307	100,092	37,905	7,141,693
(7,588)	(518,656)	—	—	(56,223)	—	(318,734)	(8,821,972)
—	—	—	—	—	—	—	(8,831,198)
—	—	—	—	—	—	—	—
707,587	130,728	602,767	426,489	324,844	560,153	173,677	5,620,695
—	(6,815)	(12,148)	(57,082)	(96,521)	(361,275)	(455,562)	(989,403)
$ 707,587	$ 123,913	$ 590,619	$ 369,407	$ 228,323	$ 198,878	$ (281,885)	$ 4,631,292

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Totals
$ 1,166,706	$ 1,239,178	$ 983,873	$ 1,072,264	$ 1,154,567	$ 888,838	$ 927,967	$ 29,729,306
480,399	614,743	313,289	155,657	121,474	198,446	79,960	20,002,765
(597,988)	(53,124)	(232,436)	(49,558)	(281,780)	(158,724)	—	(18,273,011)
—	—	—	—	—	—	—	(20,820,572)
—	—	—	—	—	—	—	—
1,049,117	1,800,797	1,064,726	1,178,363	994,261	928,560	1,007,927	10,638,488
(45,387)	(162,893)	(144,620)	(71,244)	(185,167)	(384,649)	(719,749)	(1,718,436)
$ 1,003,730	$ 1,637,904	$ 920,106	$ 1,107,119	$ 809,094	$ 543,911	$ 288,178	$ 8,920,052

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Totals
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 12,301,351
—	—	—	—	—	—	—	1,248,520
—	—	—	—	—	—	—	(5,357,569)
—	—	—	—	—	—	—	(657,072)
—	—	—	—	—	—	—	(7,535,230)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Totals
$ 260,748	$ 267,186	$ 263,103	$ 282,638	$ 301,231	$ 208,421	$ 216,275	$ 8,780,710
101,730	106,252	69,232	27,767	33,020	39,833	18,076	3,513,870
(59,135)	(110,159)	(58,464)	(80,675)	(31,520)	(51,032)	(18,900)	(3,911,833)
—	—	—	—	—	—	—	(4,698,831)
—	—	—	—	—	—	—	—
303,343	263,279	273,871	229,730	302,731	197,222	215,451	3,683,916
—	—	—	(4,730)	(10,847)	(37,416)	(90,370)	(143,363)
$ 303,343	$ 263,279	$ 273,871	$ 225,000	$ 291,884	$ 159,806	$ 125,081	$ 3,540,553

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Totals
$ 30,219	$ 49,063	$ 63,154	$ 26,816	$ 132,682	$ 44,677	$ 53,546	$ 972,266
(7,235)	961	7,116	—	—	—	—	301,848
(55,269)	(62,508)	(46,647)	(284,405)	(135,935)	(53,518)	(77,128)	(999,335)
—	—	—	—	—	—	—	—
(32,285)	(12,484)	23,623	(257,589)	(3,253)	(8,841)	(23,582)	274,779
—	—	—	—	—	—	(42,429)	(42,429)
$ (32,285)	$ (12,484)	$ 23,623	$ (257,589)	$ (3,253)	$ (8,841)	$ (66,011)	$ 232,350
$ 1,982,375	$ 2,012,612	$ 1,808,219	$ 1,443,937	$ 1,326,048	$ 893,754	$ 65,363	$ 17,324,247

PARTICIPANT CONTRIBUTIONS (Unaudited)

Fiscal Years Ended June 30, 2018 and 2017

Participant Contributions By Member Institution

	Administration	General Liability	Automobile Liability	General and Automobile Liability Excess Insurance
CMU	$ 117,314	$ 58,626	$ 38,890	$ 115,379
EMU	116,714	54,838	16,479	84,381
FSU	109,913	40,161	20,664	67,749
GVSU	108,112	50,132	15,429	89,652
LSSU	104,311	6,407	6,982	14,125
MTU	108,112	17,988	27,046	53,282
NMU	112,513	25,681	12,929	42,933
OU	111,713	50,839	15,389	73,463
SVSU	106,111	25,230	8,163	39,510
WSU	115,813	53,229	20,841	100,100
WMU	111,513	56,769	33,463	101,416
	1,222,139	439,900	216,275	781,990
Reallocation from prior years	(48,329)	—	—	—
Total participant contributions	$ 1,173,810	$ 439,900	$ 216,275	$ 781,990

* Represents premiums for any non-owned aircraft liability, foreign package, medical malpractice, pollution, kidnap and ransom, and media insurance coverages. Specific group purchases vary by Member.

Errors and Omissions Liability	Errors and Omissions Liability Excess Insurance	M.U.S.I.C. Physical Damage	Group Insurance Purchases *	Total
$ 115,634	$ 56,124	$ 7,406	$ 36,394	$ 545,767
47,508	49,223	1,432	35,523	406,098
88,729	32,290	2,831	64,069	426,406
47,288	49,476	2,851	19,860	382,800
31,504	7,542	765	12,885	184,521
27,603	28,960	17,941	14,197	295,129
75,297	18,384	2,856	33,268	323,861
100,913	36,502	5,100	18,603	412,522
49,970	17,860	2,904	12,086	261,834
199,079	116,016	4,285	13,182	622,545
144,442	53,823	5,175	127,201	633,802
927,967	466,200	53,546	387,268	4,495,285
—	—	—	—	(48,329)
$ 927,967	$ 466,200	$ 53,546	$ 387,268	$ 4,446,956

STANDING COMMITTEES

2017-2018

EXECUTIVE COMMITTEE

JANET HAYDEN - PRESIDENT
DAN SALK - VICE PRESIDENT
PATTI VANWALBECK - TREASURER
MARY (MIMI) KONICKI - SECRETARY

CLAIMS & LOSS CONTROL COMMITTEE

WILLIAM KEMP - CHAIR
LAURA WEBER - VICE CHAIR
WENDY BEACH
BEN COFFMAN
DAVID COX
JANET HAYDEN
MIKE MCKAY
DAN SALK
CONNIE SCHWEITZER
ANDY ZERBEL

FINANCE COMMITTEE

PATTI VANWALBECK - CHAIR
MIKE GRANDY - VICE CHAIR
JAMIE BEAUCHAMP
ELLEN HORSCH
ANGELA MOSS
TODD OHMER
RON PORTWINE
CHAD REYNOLDS
MORRIE WALWORTH
BARRIE WILKES

LEGAL COMMITTEE

PAT SMITH - CHAIR
MICHAEL DOXEY - VICE CHAIR
BEN COFFMAN
JILL COMPTON
JANET HAYDEN
LOUIS LESSEM
LAUREN LONDON
MILES POSTEMA
MANUEL RUPE
CONNIE SCHWEITZER
JESSICA SWARTZ
VICTOR ZAMBARDI

PLANNING & OVERSIGHT COMMITTEE

JANET HAYDEN - CHAIR
DAN SALK - VICE CHAIR
MICHAEL DOXEY
WILLIAM KEMP
MARY (MIMI) KONICKI
PAT SMITH
PATTI VANWALBECK

INFORMATION MANAGEMENT SUBCOMMITTEE

CHARLENE WALDORF - CHAIR
MICHAEL DOXEY
JANET HAYDEN
LAURA WEBBER

UNDERWRITING COMMITTEE

MICHAEL DOXEY - CHAIR
BEN COFFMAN - VICE CHAIR
WENDY BEACH
MICHELE COLE
JANET HAYDEN
WILLIAM KEMP
MARY (MIMI) KONICKI
MIKE MCKAY
ANGELA MOSS
DAN SALK
CONNIE SCHWEITZER
HEATHER TAYLOR
ANDY ZERBEL

BOARD OF DIRECTORS & ALTERNATE DIRECTORS

2017-2018

INSTITUTION	DIRECTOR	ALTERNATE DIRECTOR
Central Michigan University	Ben Coffman*	Barrie Wilkes
Eastern Michigan University	Dan Salk*	Gloria Hage
Ferris State University	Mike Grandy	Mike McKay*
Grand Valley State University	Mick Doxey*	Patricia Smith
Lake Superior State University	Wendy Beach*	Abby Christensen
Michigan Technological University	Janet Hayden*	Ellen Horsch
Northern Michigan University	Jamie Beauchamp	Jill Compton
Oakland University	Mary Konicki*	Charlene Waldorf
Saginaw Valley State University	Connie Schweitzer*	Ronald Portwine
Wayne State University	Angela Moss*	William Kemp
Western Michigan University	Patti VanWalbeck	Michele Cole*

*Denotes Risk Manager