

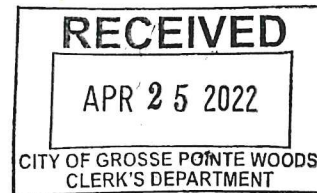


**CITY OF GROSSE POINTE WOODS**  
**MEMORANDUM**

**Date: May 2, 2022**

**To: Mayor and City Council**

**From: Shawn Murphy, Treasurer/Comptroller**  
**Frank Schulte, City Administrator**



**Re: IBEX Insurance Company – Excess Workers Compensation Coverage**

Please find attached a copy of the Excess Workers Compensation renewal quote from Midwest Employers Casualty Company. Mark Sledzinski solicited quotes for the City's excess workers compensation coverage, which is set to expire on June 30, 2022 from Midwest Employers Casualty Company and Safety National Company. Safety National Company declined to quote.

<b>Carrier</b>	<b>Contract Term</b>	<b>Annual Premium</b>	<b>Specific Retention</b>
Midwest Employers	2 Year	62,959	\$500,000 <u>Non-Police</u> & Fire \$600,000 Police & Fire
Safety National Co.	Declined to Quote		

Midwest has offered the same Specific Retention for employees outside of Police & Fire at \$500,000 and employees under the class codes for Police & Fire will increase to \$600,000. According to Mr. Sledzinski, \$600,000 is now the minimum Specific Retention for Police & Fire class codes.

Midwest is offering a two year term with no price increase for the second year. The premium of \$62,959 represents an increase of 13.5% over the current premium of \$55,455.

Based on Mr. Sledzinski's recommendation, I would concur that the City enter into the two year term at the stated specific retention and premium.

Adequate funds have been budgeted in FY 2022-2023 for the City's Excess Worker's Compensation premium of \$62,959 in budget line 632-854-914.000, Insurance Premium.

Upon receipt of the actual contract from Midwest Employers Casualty Company, it will be forwarded to the City Attorney for review and approval.

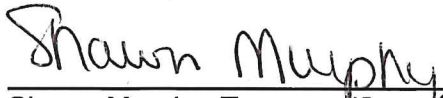
Recommend approval of the above stated and do not believe any benefit will accrue to the City by seeking further bids.

Thank you.



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Frank Schulte, City Administrator



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Shawn Murphy, Treasurer/Comptroller



**Excess Workers Compensation  
Quotation Sheet**

Insurer: Midwest Employers Casualty Company

Policy Effective Date: 07/01/2022

Insured: City of Grosse Pointe Woods

Quote Date: 04/20/2022

Policy #: EWC008739

Quote Expiration Date: 60 Days

POLICY TERMS	QUOTE OPTIONS			
	0239256	0239339		
Named States	MI	MI		
<b>SPECIFIC:</b>				
Specific Limit	STATUTORY	STATUTORY		
Specific Retention	\$500,000	\$500,000		
Specific Retention - 7704 MI	\$600,000	\$600,000		
Specific Retention - 7720 MI	\$600,000	\$600,000		
<b>EMPLOYERS LIABILITY:</b>				
Employers Liability Limit	\$1,000,000	\$1,000,000		
Employers Liability Retention	See Specific	See Specific		
<b>AGGREGATE:</b>				
Aggregate Limit	\$5,000,000	\$5,000,000		
Rate as a % of Normal Premium	926.91%	834.22%		
Estimated Aggregate Retention	\$1,306,702	\$2,352,067		
Minimum Aggregate Retention	\$1,280,568	\$2,305,025		
Aggregate Loss Limitation	\$500,000	\$500,000		
<b>RATING BASE:</b>				
Est. Annual Payroll	\$7,058,213	\$7,058,213		
Est. Annual Manual Premium	\$140,974	\$140,974		
Length of Policy (Years)	1.000000	2.000000		
Est. Policy Normal Premium	\$140,974	\$281,948		
Rate as a % of Normal Premium	44.66%	44.66%		
<b>PREMIUM:</b>				
Total Est Policy Prd Premium (including Flat Charges)	\$62,959	\$125,918		
Policy Minimum Premium	\$56,663	\$113,326		
Deposit Premium	\$62,959	\$62,959		
Deposit Flat Charge(s)	NA	NA		
<b>Total Deposit Due</b>	\$62,959	\$62,959		
<b>Terrorism Risk Ins Act of 2002 (incl in Total Deposit Due above)</b>	\$1,889	\$1,889		

**CONDITIONS / COMMENTS:**

\* MECC must be notified of any aircraft changes occurring during the policy period.



**Endorsement Schedule  
Quotation**

Insurer: Midwest Employers Casualty Company

Policy Effective Date: 07/01/2022

Insured: City of Grosse Pointe Woods  
Policy #: EWC008739

Quote Date: 04/20/2022  
Quote Expiration Date: 60 Days

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Quote Option(s) 0239339 Include(s) the following Endorsements:

CMB-187 Two Year Policy Short Rate Table  
ISI-285 More Than One Premium Adjustment

The following endorsements apply to all quote options:

CMB-6-CLS Amendment to Schedule Item 6  
CMB-11 Amendment to Schedule Item 11  
CMB-199 Policyholder Disclosure Notice of Terrorism Insurance  
ISI-254-EXC Aircraft Exclusion  
ISI-MI Michigan



**Policyholder Disclosure  
Notice of Terrorism  
Insurance Coverage**

Coverage for acts of terrorism, as defined in the Terrorism Risk Insurance Act as amended, (the "Act"), is included in the quote for your policy.

As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act.

However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Act contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism, as defined in the Act is shown below, and does not include any charges for the portion of losses covered by the United States government under the Act.

Quote Option	<u>0239256</u>	<u>0239339</u>
TRIA Charge:	\$1,889	\$1,889
	<u>          </u>	<u>          </u>

Name of Insurer: Midwest Employers Casualty Company

Name of Insured: City of Grosse Pointe Woods



Endorsement Effective:

Policy No.:

Named Insured:

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Aircraft Exclusion Endorsement

This Policy does not cover any Loss arising out of the ownership, maintenance, operation or use of any aircraft that is leased, owned (in whole or in part) or operated by you, your executive officer(s), director(s), Employee(s), parent company or subsidiary. This exclusion does not apply to regularly scheduled commercial airlines or chartered aircraft.

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Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

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Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.



Endorsement Effective:

Policy No.:

Named Insured:

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Amendment to Schedule Item 11

Schedule Item 11 is amended to read as follows:

11. Classification of Operations:

Total Manual Premium:  
(a) Experience Modification Factor:  
(b) Other Modification Factor:  
Normal Premium:

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Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

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Authorized Representative

Secretary

President

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Endorsement Effective:

Policy No.:

Named Insured:

Amendment to Schedule Item 6

Schedule Item 6 is amended to read as follows:

6. Specific Retention:

Classification	Specific Retention
All Other	

The term "All Other" refers to any class code on the Policy which is not specifically named above.

If an accident involves multiple Employees in separate classifications with different Specific Retentions, then the greatest of the Specific Retentions will apply.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein, All other terms and conditions of the Policy remain unchanged.



Endorsement Effective:

Policy No.:

Named Insured:

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Michigan Endorsement

This endorsement applies only to coverage provided by this Policy because Michigan is named in Item 3 of the Schedule Page.

Section A. Self-Insurance of the General Section of this Policy is amended to read as follows:

- A. Self-Insurance.** Our obligations under this Policy are subject to the condition that you are, at the inception of this Policy and shall remain until the end of the Policy Period, authorized to operate as a duly qualified self-insurer, in each State named in Schedule Item 3. If, after the inception of this Policy, the authority shown below in Section I. Cancellation of Part Six – Conditions revokes your authorization to operate as a duly qualified self-insurer, this Policy will apply as if you remain a qualified self-insurer.

Section C. Loss of Part One – Workers' Compensation Excess Indemnity is amended to read as follows:

- C. Loss** under Part One of this Policy means the amount actually paid by you, after deduction of any Recovery, for regular benefits provided under the Michigan Workers' Compensation Law in effect on the date the accident or exposure to disease occurs. Loss shall include, but is limited to, 100% of the following payments:
1. Benefit payments made by you as required by the Michigan Workers' Compensation Law;
  2. Benefit payments, as required in the Michigan Workers' Compensation Law that are due and owing to claimants;
  3. Benefit payments made on your behalf as required in the Michigan Workers' Compensation Law, by a surety under a bond or through the use of other security required by the director;
  4. Payments made by the Michigan Self-Insurers' Security Fund; and
  5. Payments for usual and customary claims allocated loss adjustment expenses as listed in Part Four – Claims, Section L. Reimbursable Claim Handling Expense of this Policy.

Item 3 of Section J. Good Faith Claims Handling and Settlements of Part Four – Claims is amended to read as follows:

3. **Settlement Within Your Retention.** If you are presented with an objectively reasonable opportunity to reach a Full and Final Settlement of a Claim within your Retention, and if in the exercise of good faith and sound judgment the Claim should be settled, then you shall settle it. If a Claim is filed in a State that will not allow a Full and Final Settlement, and you are presented with an objectively reasonable opportunity to reach a partial settlement of the Claim within your Retention, and if in the exercise of good faith and sound judgment the Claim should be settled, then you shall settle it.

Section N. Commutation by Mutual Agreement of Part Four – Claims is deleted in its entirety.

Endorsement Effective:

Policy No.:

Named Insured:

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Section C. Bankruptcy or Insolvency of Part Six – Conditions of this Policy is amended to read as follows:

**C. Bankruptcy or Insolvency.** Your bankruptcy or insolvency shall not relieve us from the payment of any Loss covered by this Policy. After the Retention shown on the Schedule has been paid, payments shall be made by us as if you had not become bankrupt or insolvent but not in excess of the Specific Limit or the Aggregate Limit shown on the Schedule. Payment shall be made to the Trustee in Bankruptcy or as directed by the Michigan Self-Insurers' Security Fund. We shall never make payments below the Retention shown on the Schedule, nor shall our indemnity obligations under this Policy ever be increased or broaden because of your bankruptcy or insolvency.

Section D. Other Insurance of Part Six – Conditions of this Policy is amended to read as follows:

**D. Other Insurance.** If any other insurance, reinsurance, indemnity agreement or other reimbursement agreement exists protecting you against Loss covered by this Policy, the indemnity coverage afforded under this Policy shall be applied on a pro-rata basis with such other insurance, reinsurance, indemnity agreement or other reimbursement agreement.

Section I. Cancellation of Part Six – Conditions of this Policy is amended to read as follows:

**I. Cancellation.** You may cancel this Policy by giving us and the authority shown below at least sixty (60) days advance notice by registered mail stating the cancellation date. We may cancel this Policy by giving you and the authority shown below at least sixty (60) days advance notice by registered mail stating the cancellation date. Our mailing of registered notice to your address shown in Schedule Item 2 will be sufficient proof that we cancelled this Policy.

Michigan Department of Licensing and Regulatory Affairs  
Workers' Compensation Agency  
Self-Insured Programs  
P.O. Box 30016  
Lansing, Michigan 48909

If by mutual consent we agree with you to cancel this Policy, we will mail to the authority shown above a copy of the cancellation endorsement that you and we have signed.

If this Policy is cancelled, the Policy Period shall end at 12:01 A.M. on the cancellation date. This Policy does not apply to loss or liability which arises out of bodily injury by accident or bodily injury by disease that occurs after the effective date of such cancellation.

In the event of cancellation of this Policy, Final Premium shall be calculated as set forth in Part Five – Premium, Section C. Final Premium of this Policy.



Endorsement Effective:

Policy No.:

Named Insured:

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The following section is added to this Policy:

MCLA Section 500.3008 Requirements

In accordance with the requirements of MCLA Section 500.3008, it is agreed that notice given by or on behalf of the Insured to any authorized agent of the Insurer within this State, with particulars sufficient to identify the Insured shall be deemed to be notice to the Insurer; and it is also agreed that failure to give any notice required to be given by this Policy within the time specified herein shall not invalidate any claim made by the Insured if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible.

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Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

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Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Endorsement Effective:

Policy No.:

Named Insured:

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**More Than One Premium Adjustment Endorsement**

Part Five – Premium of the Policy is amended to read as follows:

**PART FIVE - PREMIUM**

- A. Deposit and Adjustment Premiums.** At the beginning of each Payroll Reporting Period set forth in Schedule Item 12, you must pay us the Deposit Premium and any flat charges shown in the Schedule.
1. At the end of each Payroll Reporting Period set forth in Schedule Item 12 you shall owe us the amount by which the Final Premium is greater than the Deposit Premium.;
  2. At the end of the last Payroll Reporting Period, if the sum of the Deposit Premiums for all Payroll Reporting Periods is greater than the sum of the Final Premiums for all Payroll Reporting Periods, we shall owe you the difference.
- B. Payroll Report.** Within forty-five (45) days after the end of each Payroll Reporting Period, you must send us a report showing the amount of Payroll earned by your Employees during the Payroll Reporting Period. The report must show Payroll separately for each classification identified in Schedule Item 11.
- C. Final Premium.** The Final Premium due to us for each Payroll Reporting Period shall be computed as shown in Schedule Item 12(a).

Normal Premium means the sum of the products of your audited Payroll within each classification shown in Schedule Item 11 for each State named in Schedule Item 3 multiplied by the rate shown in Schedule Item 11 for the respective classification, the product of which shall be further multiplied by the Experience Modification Factor shown in Schedule Item 11(a) and/or any Other Modification Factor shown in Schedule Item 11(b).

Unless this Policy is cancelled, Final Premium shall be at least the Minimum Premium shown in the Schedule.

When determining Final Premium, any flat charges shown in the Schedule are not subject to additional computations or modification factors.

If we cancel this Policy, Final Premium shall be calculated pro rata based on the time this Policy was in force. Final Premium shall not be less than the pro rata share of the Minimum Premium shown in the Schedule.

If you cancel this Policy, you owe us the Final Premium due for all Payroll Reporting Periods. Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the Minimum Premium shown in the Schedule.

If this Policy is automatically cancelled because of the loss of your duly qualified self-insurer status as stated in Section A. Self-Insurance of the General Section of this Policy, you owe us the Final Premium due for all Payroll Reporting Periods. Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the total Minimum Premium shown in the Schedule.

The Final Premium due to us shall not be reduced by the existence of any other insurance, reinsurance, indemnity agreement or other reimbursement agreement protecting you against Loss covered by this Policy.

Endorsement Effective:

Policy No.:

Named Insured:

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D. **Payroll** means the gross pay of your Employees for each Payroll Reporting Period plus other amounts and items earned by your Employees as part of their pay for each Payroll Reporting Period. Payroll also includes:

1. Gross pay plus other amounts and items earned by your officers if covered under this Policy;
2. The contract price for materials and services performed by any individual deemed to be your Employee for liability purposes under the Workers' Compensation Law, if you do not have Payroll records for this individual; and
3. Assigned Payroll attributed to volunteers for whom you are legally obligated to provide benefits under the Workers' Compensation Law. Assigned Payroll means:
  - a. For volunteers other than volunteer firefighters and volunteer police officers, the federal minimum hourly wage as of the effective date of this Policy multiplied by the hours worked by the volunteers, unless the work performed by the volunteers is similar to work performed by a paid Employee who is receiving more than the federal minimum hourly wage, in which event the wage reported for the volunteer worker shall be the same as the wage reported for the paid Employee; and
  - b. For volunteer firefighters or volunteer police officers, the greater of \$12,500 per year or the same wage as reported for a paid Employee performing similar work shall be included in Payroll for each such volunteer firefighter or volunteer police officer.

Duties performed by volunteers shall be assigned to the classification code which the duties would be assigned to if performed by regular Employees.

No amount is included in Assigned Payroll for any volunteer worker who is not covered under the Workers' Compensation Law because Part One of this Policy does not apply with respect to that worker.

- E. **Records.** You shall keep records of information needed to compute premium. You shall provide us with copies of those records when we ask for them.
- F. **Audit.** Upon our request, you shall let us or our representatives examine and audit all your Payroll records. Payroll records include, but are not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, Payroll and disbursement records, and programs for storing and retrieving data. The audits may be conducted during your regular business hours.
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Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

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Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.



Endorsement Effective:

Policy No.:

Named Insured:

Policyholder Disclosure Notice of Terrorism Insurance Coverage Endorsement

Coverage for acts of terrorism, as defined in the Terrorism Risk Insurance Act as amended, (the "Act"), is included in your Policy. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Act contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

- A. The portion of your annual premium that is attributable to coverage for acts of terrorism, as defined in the Act is: \$\_\_\_\_\_ and does not include any charges for the portion of losses covered by the United States government under the Act.

Name of Insurer: Midwest Employers Casualty Company

Policy Number:

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

\_\_\_\_\_  
Authorized Representative

Secretary

President

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Endorsement Effective:

Policy No.:

Named Insured:

Two Year Policy Short Rate Table Endorsement

If you cancel this Policy prior to the expiration of the two-year Policy Period shown in Schedule Item 5, the following short rate table will apply to the Total Estimated Policy Premium shown in Schedule Item 12(c):

Month When Cancellation Effective	Short Rate Percentage
1	13%
2	19%
3	23%
4	27%
5	31%
6	35%
7	39%
8	43%
9	47%
10	51%
11	55%
12	59%
13	63%
14	67%
15	71%
16	75%
17	79%
18	82%
19	85%
20	88%
21	91%
22	94%
23	97%
24	100%

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

\_\_\_\_\_  
Authorized Representative

Secretary

President

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