



**CITY OF GROSSE POINTE WOODS
MEMORANDUM**

Date: May 20, 2024
To: Mayor and City Council
From: Steven Schmidt, Deputy Treasurer/Comptroller
CC: Frank Schulte, City Administrator
Re: IBEX Insurance Company – Excess Workers Compensation Coverage

RECEIVED
MAY 08 2024
CITY OF GROSSE POINTE WOODS
CLERK'S DEPARTMENT

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 worker compensation coverage, which is set to expire on June 30, 2024. Safety National Company declined to quote. Administration also solicited quotes from John Johnson with Nickel and Saph, Inc. Insurance Company and they were not able to find any additional carriers other than Midwest Employers Casualty Company and Safety National Company.

Carrier	Contract Term	Annual Premium	Specific Retention
Midwest Employers	1 Year	\$69,921	\$500,00 Non-Police & Fire \$650,000 Police and Fire
Midwest Employers	2 Year	\$71,926	\$500,00 Non-Police & Fire \$650,000 Police and 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 \$650,000. According to Mr. Sledzinski, \$650,000 is now the minimum Specific Retention for Police & Fire class codes.

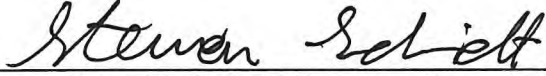
Midwest is offering two contract term options:

- One year contract term with a premium of \$69,921; an increase of 11.1% over the current premium of \$62,959.
- Two year contract term premium of \$71,926 for both years; a increase of 14.2% over the current premium of \$62,959.

Based on Mr. Sledzinski's recommendation, I would concur that the city enter into a two year term at the stated specific retention and premium. While the initial cost is higher for the two year term premium by 2.9%, there is no increase for the second year which would be unknown and most likely higher given that the one year term represents an 11.1% increase.

Adequate funds have been budgeted in FY 2024-2025 for the City's Excess Worker's Compensation Premium of \$71,926 in budget line 677-210-955.000, Insurance Premium.

Upon receipt of the actual contracts from Midwest Employers Casualty Co. and York Risk Services, they will be forwarded to the City Attorney for review and approval.



Steven Schmidt, Deputy Treasurer/Comptroller

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



Franke Schulte, City Administrator

City Council Approval



**Excess Workers Compensation
Quotation Sheet**

Insurer: Midwest Employers Casualty Company

Policy Effective Date: 07/01/2024

Insured: City of Grosse Pointe Woods
Policy #: EWC008739

Quote Date: 05/06/2024
Quote Expiration Date: 60 Days

POLICY TERMS	QUOTE OPTIONS					
	0249849	0249851				
Named States	MI	MI				
SPECIFIC:						
Specific Limit	STATUTORY	STATUTORY				
Specific Retention	\$500,000	\$500,000				
Specific Retention - 7704 MI	\$650,000	\$650,000				
Specific Retention - 7720 MI	\$650,000	\$650,000				
EMPLOYERS LIABILITY:						
Employers Liability Limit	\$1,000,000	\$1,000,000				
Employers Liability Retention	See Specific	See Specific				
AGGREGATE:						
Aggregate Limit	\$5,000,000	\$5,000,000				
Rate as a % of Normal Premium	959.18%	863.27%				
Estimated Aggregate Retention	\$1,282,107	\$2,307,814				
Minimum Aggregate Retention	\$1,256,465	\$2,261,658				
Aggregate Loss Limitation	\$500,000	\$500,000				
RATING BASE:						
Est. Annual Payroll	\$7,260,887	\$7,260,887				
Est. Annual Manual Premium	\$133,667	\$133,667				
Length of Policy (Years)	1.000000	2.000000				
Est. Policy Normal Premium	\$133,667	\$267,334				
Rate as a % of Normal Premium	52.31%	53.81%				
PREMIUM:						
Total Est Policy Prd Premium (including Flat Charges)	\$69,921	\$143,852				
Policy Minimum Premium	\$62,929	\$129,467				
Deposit Premium	\$69,921	\$71,926				
Deposit Flat Charge(s)	NA	NA				
Total Deposit Due	\$69,921	\$71,926				
Terrorism Risk Ins Act of 2002 (incl in Total Deposit Due above)	\$2,098	\$2,158				

CONDITIONS / COMMENTS:

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



**Endorsement Schedule
Quotation**

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Quote Option(s) 0249851 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>0249849</u>	<u>0249851</u>
TRIA Charge:	\$2,098	\$2,158
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Name of Insurer: Midwest Employers Casualty Company

Name of Insured: City of Grosse Pointe Woods