



CITY OF GROSSE POINTE WOODS

Office of the Treasurer/Comptroller

Memorandum

DATE: September 17, 2021
TO: Mayor Bryant and City Council
FROM: Frank Schulte, Acting City Administrator
Steven Schmidt, Deputy Treasurer/Comptroller
SUBJECT: FY 2021/22 General Liability & Property Insurance

Last year's annual premium was \$159,944.00. This year's annual premium came in at a \$90,108.00 increase, totaling \$250,052.00. See the below budget breakdown.

The reason's provided for this significant increase are as follows:

- The entire industry is in a state of flux due to the number of companies leaving the marketplace on cyber liability. Remaining carriers are increasing premiums by 200-400% or making extra demands on security. The number of losses to municipalities, schools, and hospitals is causing carriers to reconsider this coverage.
- Storm damage in the Midwest and Northeast are causing carriers to re-examine their coverage offerings. There is a growing concern that State and Federal Governments must take action to address urban flash flooding. We have seen two 1,000 year storms in six years. In Addition, there has been a significant increase with building materials which has exacerbated the cost of insuring buildings.
- Stevenson's underwriting and claims departments have been investigating this change in climate causing urban flash flooding.

In addition, the following is a 5-year look-back claims analysis through August 2021:

- Open Claim - 6
- 5 Year Losses - \$1,043,668.59
- 5 Year Premium - \$598,424.00
- Loss Ratio - 174%
- Industry Break-Even Lost Ratio - 60%

We have reached out to the other Grosse Pointe communities and three have advised that they too are realizing significant increases in their general liability and property insurance rates.

The proposal has been forwarded to City Attorney Anderson for review.

The following is a breakdown of the allocated amounts that would come from each fund and what account the expense would be are charged to:

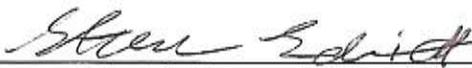
Budgeted Amount	Fund Balance Amount	Total Amount	Account Number	Account Name	Fund
19,585.07	11,033.68	30,618.75	101-299-914.000	Insurance	General Fund
26,707.84	15,046.45	41,754.29	101-349-914.000	Insurance	General Fund
13,225.36	7,450.80	20,676.16	101-599-914.000	Insurance	General Fund
6,053.08	3,410.14	9,463.22	101-799-914.000	Insurance	General Fund
3,840.93	2,163.87	6,004.80	202-482-914.000	Insurance	Major Road
6,493.69	3,658.36	10,152.05	203-482-914.000	Insurance	Local Streets
7,786.79	4,386.86	12,173.65	226-528-914.000	Insurance	Solid Waste
522.98	294.63	817.61	261-650-914.000	Insurance	Emergency
15,977.15	9,001.08	24,978.23	365-993-914.000	Insurance	Grosse Gratiot
4,847.17	2,730.76	7,577.93	585-569-914.000	Insurance	Parking
48,108.72	27,103.11	75,211.83	592-536-914.000	Insurance	Water
659.14	371.34	1,030.48	594-785.914.000	Insurance	Boat Dock
6,136.08	3,456.90	9,592.98	640-851-914.000	Insurance	Motor Vehicle
159,944.00	90,108.00	250,052.00			

It is our recommendation to approve the budget allocation and amendments as presented above and award *The Stevenson Company* as the city's annual property and liability insurance carrier for the FY/2021/22 beginning October 1, 2021 through September 30, 2022 in an amount not to exceed \$250,052.00.

Recommend for approval as submitted:



Frank Schulte, Acting City Administrator



Steven Schmidt, Deputy Treasurer/Comptroller

Attachments