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Mr. Shawn Murphy
Treasurer / Comptroller
City of Grosse Pointe Woods
20025 Mack Plaza Drive
Grosse Pointe Woods, MI 48236

Re: Risk Management Renewal (October 1, 2021)

Dear Mr. Murphy:

Thank you for the opportunity to provide the risk management program for the City of Grosse Pointe Woods.

Attached for the renewal I am providing:

- Summary of Renewal Coverage
- Vehicle "No-Fault" Certificates
- 5 Year Claim Analysis,
- 21 Year Claim Analysis, and
- Invoice.

The recent storm events are being investigated by our claim department as well as being reviewed by our risk control and underwriting staffs. The emphasis of the review is the concern of the increase in "urban flooding" across the Midwest. The causes of these recent events are tied to 3 major components and a wide variety of local factors. Climate change has caused a 31% increase in precipitation in the Midwest over the past 2 decades. Additionally, impervious surfaces such as paved roads, parking lots, and the close proximity of buildings contribute to the lack of run-off alternatives. Local stormwater drainage capacity is overwhelmed by the increase in rainfall and in some urban areas where sanitary and storm water systems are combined.

The recent event in southeast Michigan on August 11, 2014, saw 6 inches of rain to fall in a 4-hour period. The damages in this single event exceeded \$ 1.8 billion accounting for over 60% of the flood damage nationwide. Recently, the area saw over 7.5 inches in 6 hours causing more widespread damage. These two events were both considered a 1,000-year rainfall in the areas most affected.

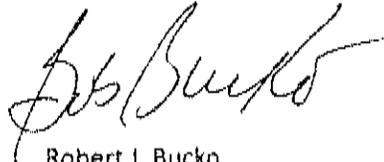
The claim analysis was conducted for a recent 5-year period as well over the 21 years with the program. We found a consistent 174% loss ratio. The analysis is attached for your review.

Coupled with the market turmoil in "cyber" liability, the claim history and the market changes due to the "urban flash flooding" we have had to make an adjustment in this year's premium. Additionally, we have 6 open claims which will worsen the City's claim experience.

The proposal was delayed due to factors outside our control. The insurance marketplace is pulling back on backup coverage due to the recent urban flash flooding and the inability of communities to engineer a solution. The cyber market is in turmoil due to the number of carriers refusing to offer coverage and the increase underwriting requirements of those remaining carriers. Losses in the area are causing premium increases ranging from 100% to 400%. The increase in lumber and building materials have increased the replacement cost of buildings. Because the recent urban flooding occurred so close to the renewal, we could not adequately investigate and review the exposure sooner.

I look forward to a thorough review of the proposal at your earliest convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rob Bucko", written in a cursive style.

Robert J. Bucko
President

Enc.