



## CITY OF GROSSE POINTE WOODS

### Memorandum

**DATE:** March 26, 2024  
**TO:** Mayor and City Council  
**FROM:** Frank Schulte, City Administrator  
**SUBJECT:** FY 2024/25 General Liability & Property Insurance

RECEIVED

APR 01 2024

CITY OF GROSSE POINTE WOODS  
CLERK'S DEPARTMENT

Administration was asked to get general liability and property insurance quotes.

The city solicited proposals from the Marsh McLennan Agency, Nickel & Saph Inc., and Zurich Muni Plus. The annual rates came back as follows:

1. **Nickel & Saph Inc.** (attached) **\$269,608.15**
  - a. Does include Tank Pollution, Public Officials Liability, Marina Operators and Sewer back up coverage.
2. **Marsh McLennan Agency** (attached) **\$287,000+ to 317,000+**
  - a. Note: This quote *does not* include Tank Pollution, Public Officials Liability, Marina Operators)
3. **Zurich Muni Plus** **Due to 5yr run losses the city is uninsurable**

All three insurance carriers specialize in municipal insurance. However, as stated above Zurich Muni Plus did not provide a quote; the agent from Marsh McLennan Agency was only able to obtain a quote from Selective, which is more expensive and doesn't provide the adequate coverage needed by the city. The following are the insurance providers he reached out to as well as their responses:

- Travelers – They have received a submission from another agency – not able to pursue.
- Great American – Declined – stated: *Unfortunately, we aren't really writing individual accounts currently. We are mainly providing insurance and reinsurance for municipal and scholastic pools across the country looking at property, liability, and some workers comp. As such we would be unable to offer terms on this one.*
- Glatfelter – Declined due to claims and submission from another agency.
- Liberty Mutual – Declined due to claims activity and submission from another agency.

In effort to provide the city with the most competitive rate, the city's current insurance carrier's agent reached out to various insurance providers as well and received the following responses:

- Travelers – declined and can't produce \$10M of Sewer Back-up
- Liberty - Declined and can't produce \$10M of Sewer Back-up
- Allied Public Risk – Declined
- American Public Risk – Declined
- Glatfelter – Declined

The coverage and deductible amounts the city currently has with Nickel and Saph Inc. has not changed. Also, the attached proposal outlining coverage has been reviewed and approved by City Attorney Walling.

It is my recommendation that City Council approve Nickel & Saph, Inc. Insurance Agency, P.O. Box 46907, Mount Clemens, MI 48046 to continue to be the city's general liability and property insurances provider in an amount not to exceed \$269,608.15. This exceeds the budgeted amount in the FY 23/24 budget. Therefore, a budget amendment from prior year reserves will be required in the amount of

\$29,174.15 and is reflected in the total amount of \$269,608.15 being requested from the following accounts:

| ACCOUNT NUMBER  | INVOICE             | BUDGET               | PRIOR YEAR TRANSFER   |
|-----------------|---------------------|----------------------|-----------------------|
| 101-211-955.000 | \$ 36,747.56        | \$ 32,803.00         | \$ (3,944.56)         |
| 101-349-955.000 | \$ 63,267.83        | \$ 56,801.00         | \$ (6,466.83)         |
| 101-594-955.000 | \$ 18,204.02        | \$ 15,753.00         | \$ (2,451.02)         |
| 101-799-955.000 | \$ 17,923.51        | \$ 15,992.00         | \$ (1,931.51)         |
| 202-530-955.000 | \$ 14,419.97        | \$ 12,867.00         | \$ (1,552.97)         |
| 203-530-955.000 | \$ 9,449.58         | \$ 8,432.00          | \$ (1,017.58)         |
| 226-528-955.000 | \$ 17,139.37        | \$ 15,292.00         | \$ (1,847.37)         |
| 261-602-955.000 | \$ 561.10           | \$ 501.00            | \$ (60.10)            |
| 585-573-955.000 | \$ 5,380.39         | \$ 4,801.00          | \$ (579.39)           |
| 592-536-955.000 | \$ 74,521.79        | \$ 66,490.00         | \$ (8,031.79)         |
| 594-785-955.000 | \$ 1,620.42         | \$ 1,447.00          | \$ (173.42)           |
| 661-534-955.000 | \$ 10,372.61        | \$ 9,255.00          | \$ (1,117.61)         |
| <b>Total</b>    | <b>\$269,608.15</b> | <b>\$ 240,434.00</b> | <b>\$ (29,174.15)</b> |

I do not believe any benefit will accrue to the City by seeking further quotes. Approved for Council consideration



City Administrator Signature

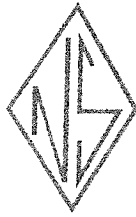
Fund Certification:

A budget amendment from prior year reserves is required from the above listed Accounts in the amount of \$29,174.15 and that the account numbers have been verified.



Deputy Treasurer/Comptroller Signature

Attachments



# NICKEL & SAPH, INC.

INSURANCE SINCE 1929

MAILING ADDRESS:

P.O. BOX 46907  
MT. CLEMENS, MI 48046-6907

OFFICE ADDRESS:

44 MACOMB PLACE  
MT. CLEMENS, MI 48043  
(586) 463-4573 • (810) 765-8887  
1-800-657-7373 • FAX: (586) 463-3135  
[www.nickelsaph.com](http://www.nickelsaph.com)

March 25, 2024

Frank Schulte  
City of Grosse Pointe Woods  
20025 Mack Plaza Drive  
Grosse Pointe Woods, MI. 48236

Re: Property and Casualty Insurance Renewal Proposal 2024-2025

Dear Mr. Schulte,

We are pleased to present our renewal proposal for coverages underwritten by Trident Public Risk Solutions, a member of Paragon Insurance Holdings, LLC. The affording carriers are: **Argonaut Insurance** (for liability and automobile coverages). Argonaut has been awarded an A.M. Best's rating of **A- XIII, Stable**; **Arch Insurance Company** (for property and crime coverages). Arch has been awarded an A. M. Best's rating of **A+ XV, Stable**; and **Hartford Steam Boiler** (for mechanical breakdown coverages). Hartford has been awarded an A. M. Best's rating of **A++ XI, Stable**. All three carriers are admitted carriers in the State of Michigan. Trident specializes in providing risk management and insurance products and services only to public entities. Trident writes over \$150,000,000 in premiums on an annual basis throughout the eastern, southern, and midwestern states, including many public entities in Michigan. Of the various public entities within the State of Michigan, over one-hundred and thirty (130) are currently insured with Trident.

The total annual proposed premium is **\$269,608.15** and the attached specifies the quotes for all coverages. The stated premium above contains a \$9,000,000 Excess Liability Umbrella policy applied to General Liability, Public Officials Liability, Employment Practices Liability, Law Enforcement Liability and Auto Liability. The underlying plus the excess afforded an occurrence limit of \$10,000,000 and aggregate of \$11,000,000. TRIA is included in the premium price above for an additional **\$3,445**. Supplemental coverages provided are Marina Operators Legal Liability, Judicial Liability, Cyber Liability, and Tank Pollution Coverage, all of which are included in the premium above.

Changes Year Over Year:

- The City's expenditures increased 2% (\$9,773,828 to \$9,969,305).
- Auto Liability increased by 4 of the number of ratable unites (previously was 61 vehicles up to date amount is 65 vehicles).
- Inland Marine increased by 6% (\$1,399,555 to \$1,490,482).
- Property values more than doubled this year during the mid-term appraisals.
- Overall rate increase is only 8.7% which 5.7% is based on rate and 3% is based on exposures.

Please note the following regarding the Trident proposal:

- 1.) Who is covered: all elected, appointed, employed or volunteer acting on the behalf of the named insured within the scope of their duties.
- 2.) All liability coverages are written on an Occurrence basis. General Liability, Public Officials' Liability, Employment Practices Liability and Law Enforcement Liability are all written with a \$10,000 deductible. While Auto Liability is written on a \$0 deductible.
- 3.) Full Sewer Back-up Limits are provided under the General Liability.
- 4.) The Property and Inland Marine coverages written on Agreed Amount Replacement Cost Basis. Covered Property claims are subject to \$15,000 deductibles and covered Inland Marine claims are subject to \$1,000 deductibles.
- 5.) Trident allows the City the opportunity to select legal counsel (assuming prior experience defending public entities) of the City choosing for the defense of all covered Liability claims.

Relating to bullet point 3. The full Sewer Back-up Limits of \$10,000,000. To help explain the importance of this coverage I am providing the following parts of an article by Jeff Masters and Bob Henson that appeared in the Yale Climate Connections on January 9<sup>th</sup> 2024. The U.S. billion-dollar weather disasters set an all-time record in 2023, with 28. The cost of the 19 severe storm events in 2023 was \$54 billion, setting a new record for costliest year on record for that peril (previous record: \$44 billion in 2011). With the knowledge that we have based on server storms. Its critical to assure your residents that you've secured the proper protections in the case that these occurrences come back to Michigan as they once did in 2020-2021.

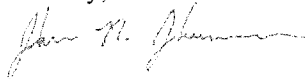
#### Risk Management Solutions Implemented During the Fiscal Year:

Nickel & Saph, Inc. conducted an in-depth evaluation of all properties during the fiscal year from a dedicated appraisal company (HCA). This came at no cost to the City. We found that many of the properties were extremely undervalued and increased the property by over nearly \$20M. In addition, we changed your property protection coverage from Replacement Cost to Blanket Replacement Cost. Blanket Replacement Cost provides that ability to draw money from the overall total insured amount of \$39M if one of your buildings is found to have more damage than the listed building amount coverage.

The servicing address for all policy and claims related issues would be 44 Macomb Place, Mount Clemens, MI 48043 (our agency's office). The premium includes all claim services, loss prevention and safety inspections.

Enclosed, please find a detailed copy of the renewal.

Sincerely,



John N. Johnson  
Agent, CIC

Attachment Included

City of Grosse Pointe Woods  
Insurance Proposal Quotes 2024-2025

| Coverage                            | Premium              | Deductible | Coverage Limit |
|-------------------------------------|----------------------|------------|----------------|
| General Liability *                 |                      |            |                |
| Full Sewer Back-up Limits Included* | \$ 32,411            | \$ 10,000  | \$ 1,000,000   |
| Cyber                               | \$ 9,526             | \$ 10,000  | \$ 1,000,000   |
| Public Officials' Liability *       | \$ 10,237            | \$ 10,000  | \$ 1,000,000   |
| Employment Practices Liability *    | \$ 20,867            | \$ 10,000  | \$ 1,000,000   |
| Law Enforcement Liability *         | \$ 48,711            | \$ 10,000  | \$ 1,000,000   |
| Auto Liability *                    | \$ 22,352            | None       | \$ 1,000,000   |
| Auto Physical Damage                | \$ 25,318            | \$ 2,500   | \$ 4,811,616   |
| Property                            | \$ 43,265            | \$ 15,000  | \$ 39,500,500  |
| Equipment Breakdown                 | \$ 3,773             | \$ 15,000  | \$ 100,000,000 |
| Inland Marine                       | \$ 3,113             | \$ 1,000   | \$ 1,485,482   |
| Crime                               | \$ 1,122             | \$ 1,000   | \$ 100,000     |
| Excess Liability                    | \$ 36,054            | per line * | \$ 9,000,000   |
| <b>Total</b>                        | <b>\$ 256,749</b>    |            |                |
| TRIA                                | \$ 3,445             | None       | \$ 100,000,000 |
| <b>Total</b>                        | <b>\$ 260,194</b>    |            |                |
| MOLL Includes TRIA                  | \$ 6,151             | \$ 10,000  | \$ 2,000,000   |
| <b>Total</b>                        | <b>\$ 266,345</b>    |            |                |
| Judicial Liability                  | \$ 2,661             | \$ 2,500   | \$ 1,000,000   |
| <b>Total</b>                        | <b>\$ 269,006</b>    |            |                |
| Tank Coverage Option                | \$ 602               | None       | \$ 1,000,000   |
| <b>Total</b>                        | <b>\$ 269,608.15</b> |            |                |

Coverages with \* next to their line item add an additional

\$9,000,000 in Liability coverage from the Excess Liability coverage

Auto Physical Damage is based on the vehicles actual price and if the

vehicle is on Replacement Cost (RC) or Actual Cash Value (ACV)

Replacement Cost = the amount we are going to pay to replace the vehicle at the same or equal value

Actual Cash Value = cost to repair/replace the vehicle minus depreciation

March 11, 2024

RE: The City of Grosse Pointe Woods | Marsh McLennan Agency summary of work

To Whom it may concern:

Based on the information provided to our agency (MMA) for all insurance currently in place for the 2023 – 2024 policy term your premium is \$226,935. This premium attributes to the following coverages:

- Property
- General Liability
- Excess / Umbrella Liability
- Cyber Liability
- Tank Pollution
- Marina Operators Legal Liability
- Judicial Liability
- Auto Liability
- Employment Practices Liability
- Law Enforcement Liability

In our marketing efforts, our office was limited to working with one carrier, Selective Insurance Company due to various reasons outlined below in our marketing summary. Selective Insurance does not have the appetite or have the ability to provide all coverages that are currently included in the program placed at the current time. The coverage they cannot provide:

- Mariana liability
- Public Officials Liability
- Tank Pollution liability.

If Selective insurance company would have been able to provide a competitive and bindable program offering our office would have to find placement on a stand-alone basis for coverages listed above.

In conversations with carriers that provide the coverages Selective insurance company was unable to provide, we feel placing these in addition to Selective Insurance would add another 15% - 20% cost increase.

For reference I have included an outlook for the 2024 Commercial Insurance Market. This provides in depth details on pricing and factors that are causing a disruption with coverage placement and pricing trends.

Marketing Summary:

- Selective – pricing indications ranged from \$287,000 +/- to \$317,000 +/- which would not be inclusive of Tank Pollution, Public Officials Liability and Marina Operators.
- **Travelers – They have received a submission from another agency, so MMA is not able to pursue options on your behalf.**

- **Great American – Declined, not in appetite - *Unfortunately, we aren't really writing individual accounts currently. We are mainly providing insurance and reinsurance for municipal and scholastic pools across the country lacking at property, liability, and some workers comp. As such we would be unable to offer terms on this one. Thank you for thinking of Great American for this account.***
- **Glatfelter –Declined due to claims and submission from another agency.**
- **Liberty Mutual –Declined – claims activity and submission from another agency.**

Thank you for the opportunity.

**Brian Berryman, AAI, AWCA, CAWC, CWCA**  
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(Cell) 248-824-3010  
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Marsh & McLennan Agency, LLC

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