



CITY OF GROSSE POINTE WOODS

Memorandum

DATE: September 5, 2023
TO: Mayor and City Council
FROM: Frank Schulte, City Administrator
SUBJECT: Updated FY 2023/24 General Liability & Property Insurance

RECEIVED

SEP 05 2023

CITY OF GROSSE POINTE WOODS
CLERK'S DEPARTMENT

As presented at March 9, 2023 city council meeting, Nickel & Saph, Inc. has concluded the onsite inspections and valuation services of all city properties. Attached is the report, which was conducted by an independent appraisal company, HCA Asset Management. The report was completed to receive an opinion of the replacement cost for buildings/structures and contents.

The new values listed for the city buildings are for replacement cost with blanket coverage. Blanket coverage allows the city to get the full replacement amount when a claim is made. For example, if a building is damaged and the value placed on it is \$1 million, but the repair cost totals 1.2 million then the city would receive an additional \$200,000 by having the blanket coverage.

The city's current property insurance coverage is 90% co-insurance due to the fact the buildings were undervalued. The co-insurance amount received on a claim would be 90% of the property value. If a repair is \$1 million then the city would only receive \$900,000.

It is administration's recommendation that city council approve adding replacement insurance with blanket coverage utilizing the new appraisal valuations of the city's building properties and contents provided by HCA Asset Management, increasing the property and liability premium from \$20,089 to \$42,468 resulting in an increase of \$22,379 annually. In addition, that city council approve the prorated cost for the remainder of the FY 2023/24 policy in an amount not to exceed \$13,060 and continue to have Nickel & Saph, Inc. Insurance Agency, P.O. Box 46907, Mt. Clemens, MI 48046 be the city's general liability and property insurance provider.

This is not a budgeted item in FY 2023/24 and will require a budget amendment from the following accounts:

Table with 3 columns: ACCOUNT NUMBER, GENERAL FUND/MAJOR STREETS/LOCAL STREETS/SOLID WASTE/911 EMERGENCY/PARKING/WATER/SEWER/BOAT DOCK/MOTOR VEHICLE, and AMOUNT. Total amount is 13,060.00.

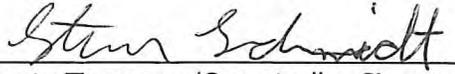
I do not believe any benefit will accrue to the City by seeking further bids. Approved for Council consideration.



City Administrator Signature

Fund Certification:

I hereby certify that funds are available and the account numbers have been verified.



Deputy Treasurer/Comptroller Signature