



CITY OF GROSSE POINTE WOODS

Memorandum

DATE: April 4, 2025

TO: Mayor and City Council

FROM: Frank Schulte, City Administrator

SUBJECT: FY 2025/26 General Liability & Property Insurance

Administration has requested a supplemental coverage quotes for general liability and property insurance from the city's insurance provider, Nickel & Saph Inc.

Agent John Johnson contacted the following insurance providers, all of whom returned higher rates than our current provider, Trident/Sedgwick:

- North American Specialty Insurance
- Great American Alliance Insurance
- US Risk Insurance

Currently, the City has three major open claims totaling \$205,000. These claims are all related to trip and fall incidents that occurred in areas maintained by the City, specifically on City sidewalks. This situation has resulted in a fiscal year loss ratio of 71%, while the overall loss ratio for both open and closed claims over the past three years (2022-2025) stands at 41%. A loss ratio exceeding 35-40% is considered unprofitable.

Attached is the property and casualty insurance renewal proposal from Nickel & Saph Inc., along with a detailed breakdown of the renewal information, including premiums, deductibles, and coverage limits. These offerings provide the same coverage and deductible amounts that the city currently holds.

As a result of these findings, our annual insurance rate has increased from \$269,608.78 to \$321,038.78, representing a \$51,430.00 increase.

I recommend that the City Council approve Nickel & Saph Inc. Insurance Agency, P.O. Box 46907, Mount Clemens, MI 48046, to continue as the city's general liability and property insurance provider for an amount not to exceed \$321,038.78. Due to overlapping coverage in two different fiscal year budgets, the required amount exceeds the budgeted amount in the FY 24/25 budget. Therefore, a budget amendment will be necessary in the amount of \$40,632.78, as reflected in the total amount of \$321,038.78 being requested from the following accounts:

Account Number	Amount	Fund
101-211-955.000	\$ 43,757.54	General Fund
101-349-955.000	\$ 75,336.85	General Fund
101-594-955.000	\$ 21,676.63	General Fund
101-799-955.000	\$ 21,342.62	General Fund
202-530-955.000	\$ 17,170.73	Major Roads
203-530-955.000	\$ 11,252.19	Local Streets
226-528-955.000	\$ 20,408.88	Solid Waste
261-602-955.000	\$ 668.13	Emergency/911
585-573-955.000	\$ 6,406.75	Parking
592-536-955.000	\$ 88,737.62	Water
594-785-955.000	\$ 1,929.53	Boat Dock
661-534-955.000	\$ 12,351.29	Motor Vehicle
Total	\$ 321,038.78	

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 transfer is required from the above stated Accounts in the amount of \$321,038.78, which includes a budget amendment in the amount of \$40,632.78, and that the account numbers have been verified.

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

March 25, 2025

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

Re: Property and Casualty Insurance Renewal Proposal 2025-2026

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: **Ascot Insurance Company** (for liability and automobile coverages). Ascot 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 **\$321,038.78** 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 **\$4,341.00**. 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:

- General Liability, Public Officials Liability, Employment Practice Liability Insurance net expenditures increased 16% (\$10,015,320 to \$11,643,087)
- Law Enforcement employed an additional 2 Full Time officers (29 to 31)
- Property values increased 4% (\$39,500,500 to \$41,080,520)
- Inland Marine increased 3% (\$1,675,171 to \$1,718,171)
- Crime increased 3 Class A Employees (10 to 13); Employees handling money.

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.) As an enhancement, Trident provides liability coverage for Inverse Condemnation for limits of \$100,000 per occurrence and \$300,000 aggregate.
- 5.) Property coverages are afforded on a Blanket Replacement Cost (RC) basis. Blanket replacement cost provides broader coverage to the City. Granting the permission to draw money from the overall total property coverage limit of \$41,080,520. If a building costs more than the stated amount on your property scheduled. Covered property claims are subject to a \$15,000 deductible and covered Inland Marine claims are subject to a \$500 deductible.

Relating to bullet point 3. I found an article to reinforce the most essential coverage provided, Sewer Back-up. With full Sewer Back-up Limits of \$10,000,000 provided by Trident. To help explain the importance of this coverage an article by Kate Parker that appear in Yale Climate Connections on August 8th 2024. "Extreme rainfall events have been on the rise in the U.S. As temperatures rise due to climate change, more water evaporates from the surface of the Earth, and the atmosphere is capable of "holding" more water. That means when the rain falls, it's in greater quantities, resulting in flash flooding and overwhelmed drainage systems." The recent changes observed shows an historic 42% increase in server storm events that lead to the increased rain fall. 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 these occurrences come back to Michigan as they have many times in the past!

Marketing Effort for renewal:

This year we did a full examination of your policies touching base with markets for your Package policy – Trident, Travelers, Liberty Mutual, Glatfelter, Allied Public Risk, and American Public Risk. All of which declined to provide quotes.

Regarding your supplemental coverages. We touched base with North American Specialty Ins., Great American Alliance Ins., and US Risk for your MOLL and Bumbershoot all of which came back higher than your incumbent provider. Judicial Liability is provided by the leading carrier Lloyds, London through Complete Equity Markets, Inc.. Your Tank Pollution Liability Insurance is already placed with the leading carrier Mid-Continent Casualty Company Through EnviroSure. We did obtain competitive quotes for your Cyber Liability and decided to switch carriers to Beazley. They are providing the same coverages you secured in 2024-2025 while lowering your deductible to \$5,000 (was previously \$10,000) and **saving the City \$2,816.25** annually.

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, CRM
Attachments Included

City of Grosse Pointe Woods
Insurance Proposal Quotes 2025-2026

Coverage	Premium	Deductible	Coverage Limit
General Liability *			
Full Sewer Back-up Limits included*	\$ 43,401	\$ 10,000	\$ 1,000,000
Public Officials' Liability *	\$ 13,077	\$ 10,000	\$ 1,000,000
Employment Practices Liability *	\$ 26,852	\$ 10,000	\$ 1,000,000
Law Enforcement Liability *	\$ 55,604	\$ 10,000	\$ 1,000,000
Auto Liability *	\$ 24,604	None	\$ 1,000,000
Auto Physical Damage	\$ 29,585	\$ 2,500	\$ 4,811,616
Property	\$ 51,970	\$ 15,000	\$ 39,500,500
Equipment Breakdown	\$ 4,117	\$ 15,000	\$ 100,000,000
Inland Marine	\$ 3,587	\$ 1,000	\$ 1,485,482
Crime	\$ 1,455	\$ 1,000	\$ 100,000
Excess Liability	\$ 45,743	per line *	\$ 9,000,000
Total	\$ 299,995		
TRIA	\$ 4,341	None	\$ 100,000,000
Total	\$ 304,336		
Cyber	\$ 6,710	\$ 5,000	\$ 1,000,000
Total	\$ 311,046		
MOLL Includes TRIA	\$ 6,480	\$ 10,000	\$ 2,000,000
Total	\$ 317,526		
Judicial Liability	\$ 2,861	\$ 2,500	\$ 1,000,000
Total	\$ 320,387		
Tank Coverage Option	\$ 652	None	\$ 1,000,000
Total	\$ 321,038.78		

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