

4. Resolution authorizing FY2026 insurance renewals with various providers for a total cost of \$3,249,378.00



Item Number: 4



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: June 10, 2025

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee

LIAISON: Molly Clarin, Chief Financial Officer

FROM: Erik Von Hatten, Risk Manager
Risk Management

SUBJECT: **Resolution authorizing FY2026 insurance renewals with various providers for a total cost of \$3,249,378.00**

The attached resolution authorizes the purchase of various insurance policies as recommended by the City’s Agent of Record, Arthur J. Gallagher Risk Management Services, and payment of premiums associated with the City’s annual insurance renewal process. These expenses have been budgeted in 5400 INS (8400) and 5200 W/C1 (8400).

Below is a comparison of the coverage amounts for this year, fiscal year 2025 (FY25), relative to the amount for fiscal year 2026 (FY26).

Line of Coverage		Expiring Program FY25 Carrier Expiring Cost		Proposed Program FY26 Carrier Estimated Cost	
Property	Premium	Federal Insurance Company (Chubb Group of Insurance Companies)	\$1,522,943.00	Federal Insurance Company (Chubb Group of Insurance Companies)	\$1,381,649.00
Stand Alone Property Terrorism	Premium			Lloyds of London	\$26,049.00
Special Events Liability	Premium	Western World	\$4,957.00	Western World	\$3,925.00

		Insurance Company		Insurance Company	
Excess Workers' Compensation	Premium	Midwest Employers Casualty Company	\$191,418.00	Midwest Employers Casualty Company	\$195,171.00 (1 st year in new 2-yr policy)
Liquor Liability	Premium	Founders Insurance Company (Penn National Insurance Group USE PENNA3)	\$2,075.00	USLI	\$3,137.00
Government Crime	Premium	Hanover Insurance Company	\$10,496.00 (1 st year annual premium in 3-yr policy)	Hanover Insurance Company	\$10,496.00 (2 nd year annual premium in 3-yr policy)
Contractor's Pollution Liability and Pollution Legal Liability	Premium	Ironshore	\$126,319.00	Beazley Excess & Specialty Ins.	\$152,179.00 (1 st year in 3-yr policy, \$50,726.00 annually)
Agent of Record	Service Fee	AJ Gallegher	\$52,000.00	AJ Gallegher	\$55,000.00
General Liability	Premium	Michigan Municipal Risk Management Authority (MMRMA)	\$1,208,248.00	Michigan Municipal Risk Management Authority (MMRMA)	\$1,346,286.00
Workers' Compensation Claims Administration and Bill Review	Premium	CompOne Administrators	\$73,287.00 (2 nd year of 3-yr policy contract)	CompOne Administrators	\$75,485.61 (3 rd and final year of contract)
Property Appraisal	Service Fee	CBIZ Valuation Group, Inc.	\$57,000.00		\$0.00

Fine Arts Appraisal	Service Fee	CBIZ Valuation Group, Inc.	\$18,000.00		\$0.00
Total Cost			\$3,266,743.00		\$3,249,378.00

A summary of the various insurance policies is provided below.

Property: Chubb
Annual Premium: \$1,381,649.00
Deductible for most perils: \$250,000
Limits: Blanket coverage of \$500,000,000.00 based on FY25 insured values of \$2,671,543,027.00.

The annual premium for FY25 was \$1,522,943.00. For FY26, there has been a 6.1% decrease in the premium. This decrease occurred due to the competitive market and the stabilization of the insurance market in the past few months. Gallegher, our agent of record, obtained multiple quotes for property insurance on behalf of the City of Grand Rapids. Chubb remained the best option with the most appropriate coverage and a decrease in their premiums from the previous fiscal year. Additionally, we have removed TRIA from this coverage and opted to go with a stand-alone policy which saves the City \$23,052.00.

Stand Alone Property Terrorism: Lloyds of London
Annual Premium: \$26,049.00
Limits: \$50,000,000.00
Deductible: \$10,000.00

This is a new policy for the City and for FY26. Previously, this coverage was provided by Chubb under the federal program Terrorism Risk Insurance Act (TRIA) which was passed after the 9/11 events. Under this act and coverage, the US government decides if an event qualifies and if it meets the minimum requirements. In 25 years, TRIA has never paid a claim. The stand-alone coverage provides the same coverage, however there are no minimums, and the insurance carrier makes the determination. This new policy saves the City \$23,052.00.

Special Events Insurance: Western World Insurance Company
Annual Premium: \$3,925.00
Limits: \$ 1,000,000 per occurrence/\$ 1,000,000 aggregate
Deductibles: \$500

The City of Grand Rapids Special Events commercial liability policy provides coverage for City sponsored or co-sponsored events. The three events – the Veterans’ Day Hollyhock, and Memorial Day parades – have their insurance costs waived and included

in this policy. Additional City events like the 175th Birthday Celebration or the Christmas Tree lighting are covered as well.

Excess Workers' Compensation Insurance: Midwest Employers Casualty Company
Annual Premium: \$195,171.00
SIR Retention: \$750,000

- A. Midwest Employers Casualty Company agreed to a 2-year term with a policy premium of \$390,342.00 (Annually \$195,171). This will continue to provide the City with a \$750,000 self-insured retention for all citywide classifications.
- B. In addition to Excess Workers' Comp, it is also recommended that the professional workers' compensation claims administration and bill review services continue to be handled by a separate agreement with CompOne Administrators, Inc. in the amount of \$75,486.00 for a one-year period operating under the obligations, terms, and conditions of the FY23 agreement. This is the 3rd and final renewal under this contract. This work provides state mandated technical review of workers' compensation plans, necessary and customary administrative work in connection with each qualified claim or loss, and medical bill cost containment and administration.

Liquor Liability: USLI
Annual Premium: \$3,137.00
Limits: \$1,000,000 per occurrence; \$2,000,000 aggregate
Deductible: \$0

This insurance policy provides coverage for Indian Trails Golf Course's liquor license. This policy will meet the proof of financial responsibility requirements established by the State of Michigan Liquor Control Commission (MLCC). This is a new carrier for this coverage, however, the increase in the premium from \$2,075 is due to the continued increase in alcohol sales.

Government Crime: Hanover Insurance Group
Annual Premium: \$10,496.00

This insurance policy provides \$1,000,000 liability coverage for City employee forgery, theft, computer fraud, and public employee dishonesty subject to a \$50,000 deductible. The City is in the second year of a three-year premium agreement.

**Contractor's Pollution Liability
and Pollution Legal Liability:** Beazley Excess & Surplus Insurance, Inc.

Three Year Premium Pre-paid in FY26: \$152,179
 Limits: \$25,000,000 per occurrence/\$25,000,000
 aggregate
 Deductibles: \$100,000.00

This insurance policy incorporates a program that provides coverage for sanitary landfills, wastewater treatment plants, water treatment plants, waste disposal sites, “midnight (illegal) dumping, above/underground storage tanks, presence of asbestos, contractor activities, new and pre-existing conditions, indoor air quality including mold and legionella, non-owned disposal sites, emergency response coverage, and water supply coverage. The City will be in the first year of a three-year premium agreement. The premium payment will be made in a one-time transaction in FY26. This is an annual cost of \$50,726 and is saving the City \$12,433.00 over three years.

Excess Liability: Michigan Municipal Risk Management Authority (MMRMA)
 Annual Premium: \$1,208,248
 Self-Insured Retention: \$1,000,000 Per Occurrence
 Limits: \$15,000,000

- A. The City has been a member of the MMRMA since the early 1980’s and it continues to be designated best value by our Agent of Record in providing coverage for its members. The MMRMA underwrites our general liability excess coverage and is made up of only public sector entities in Michigan. An example of the incredible value we receive from the MMRMA as a member is its policy decision since 2007 to pay all the MCCA (Michigan Catastrophic Claims Association) vehicle charges to the State of Michigan on behalf of its members. All auto insurance companies operating in Michigan or large-scale vehicle owners are assessed a fee to cover the catastrophic medical claims occurring in Michigan. Generally, such assessments are passed directly on to auto insurance policyholders like the City.
- A. Additionally, the City will again receive a Net Asset Distribution amount of \$523,487.00 from the MMRMA. A portion (\$200,000.00) of the distribution will be used to offset our annual MMRMA premium noted above. The remainder (\$323,487.00) will offset the costs of various risk mitigation efforts and projects. The MMRMA has previously done this to reward the members for being good stewards of Risk Management programs, resources, and implementation of best practices to reduce or avoid liability. There are many factors that contribute to the MMRMA’s ability to do this which include the following: favorable investment returns, fewer losses or claims by members due to the use of good management practices; member responsiveness to risk control recommendations; longevity as a member of the authority; and most importantly positive investment earnings.

- B. The MMRMA coverage also includes insurance coverage for Unmanned Aircraft (Drones) Privacy Liability; Data Breach Loss to Member; Electronic Media Liability; and Breach Mitigation Expense Coverage (a.k.a. Cyber Liability Insurance Coverage). Coverage in these areas is trending upward due to a national increase in events for this type of liability.
- C. The City has experienced a total benefit of \$770,254.00 in the form of Risk Avoidance Grants because of its membership in the MMRMA.
- D. The annual premium for FY25 was \$1,208,248. The increase for FY26 of approximately 11.4% is a result of the MMRMA's internal rating structure and increases in reinsurance pricing for the general liability, which is in a hard market along with the City's loss history.

It is my recommendation that the attached resolution authorizes the renewal and purchase of various insurance policies and payment of premiums associated with the City's annual renewal process be presented to the City Commission. Please place this item on the next City Commission agenda.

Your FISCAL COMMITTEE recommends the adoption of the following resolution authorizing FY2026 insurance renewals with various providers for a total cost of \$3,249,378.00.

RESOLVE, that the Mayor is authorized to execute agreements with the following insurance carriers in a form to be approved by the City Attorney, and the City Comptroller is authorized and directed to pay the following insurance premiums for the period of July 1, 2025, to June 30, 2026, in an amount not to exceed \$3,249,378.00:

Payable to:

Arthur J. Gallagher Risk Management Services for the following policies:

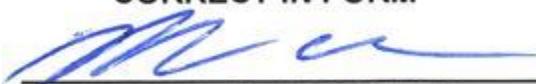
Chubb (property)	\$1,381,649.00
Lloyds of London	\$26,049.00
Western World Insurance Company (special events)	\$3,925.00
Midwest Employers Casualty Co. (excess workers' comp. ins.)	\$195,171.00
USLI (liquor liability)	\$3,137.00
Hanover Insurance Group (government crime)	\$10,496.00
Beazley Excess & Specialty Insurance (Pollution)	\$152,179.00
Arthur J. Gallagher Service Fee	\$55,000.00

Payable to:

Michigan Municipal Risk Management Authority (excess liability) \$1,346,286.00

Payable to:

CompOne Administrators (workers' comp. third party administrator) \$75,486.00

CORRECT IN FORM

DEPARTMENT OF LAW