



CITY OF DETROIT  
OFFICE OF THE CHIEF FINANCIAL OFFICER

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March 5, 2021

The Honorable Detroit City Council  
Coleman A. Young Municipal Center  
2 Woodward Avenue  
Detroit, MI 48226

Re: Risk Management Council Annual Report

Dear Honorable City Council Members:

On behalf of the City's Risk Management Council, we respectfully submit the Risk Management Report for the Fiscal Year 2020-21. This Annual Report summarizes areas of interest (as identified by the Risk Management Council), presentations made to the Risk Management Council on those topics, and action items to be taken to reduce the City's risk exposure. The Annual Report also identifies areas of focus that will be addressed in the near future.

We are pleased to brief the City Council at one of the upcoming regularly scheduled Budget, Finance and Audit (BFA) Standing Committee meetings. We can also meet with the Legislative Policy Division prior to the BFA Committee meeting to further invite discussion on the report.

Sincerely,

John Naglick, Jr.  
Chief Deputy CFO/ Finance Director

Larry Foley  
Director of Risk Management

Att: FY 2020-21 Annual Risk Management Report

Cc: Mayor Michael E. Duggan, City of Detroit  
Risk Management Council



# **Annual Risk Management Report**

Office of the Chief Financial Officer – Director of Risk Management  
Risk Management Council

Submitted March 5, 2021

# Overview

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# Executive Summary

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The City Charter requires the City to have a Risk Management Council, an advisory body to the Mayor, to identify areas of interest and to consume information organized by the Director of Risk Management. The City Charter specifies the membership of the Risk Management Council (see Exhibit 1 for current membership).

This Annual Report summarizes areas of interest (as identified by the Risk Management Council), presentations made to the Risk Management Council on those topics, and action items to be taken to reduce the City's risk exposure.

The Annual Report also identifies areas of focus that will be addressed in the near future.



# Insurance Program – Overview

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The section outlines the property and casualty insurance program for the City of Detroit. Although the city self-funds the majority of its liabilities, it does purchase some commercial insurance to protect the City against the risk of catastrophic loss.

The City purchases this insurance through its commercial insurance broker, Alliant, to access the commercial insurance market. For this service Alliant is paid a fee of \$125,000 per year.

Slide 6 provides a year to year comparison of the insurance premiums for the City of Detroit.



# Insurance Program – Summary

Coverage	Description	Coverage Amount	Deductible	Company
All Risk Property	protects real property against the risk of fire, wind, earthquake and other perils	\$800M	\$500K	AIG, and Others
Airport Liability	provides liability protection for airport operations	\$200M	\$1K	Commerce & Industry Insurance
Excess Cyber Liability		\$3M	\$2M (xs of Primary cyber)	Axis
Helicopter - Hull & Liability	provides hull and liability protection for the aircraft operation	\$25M	\$10K	Commerce & Industry Insurance
Treasurer Bond	Required of The General Property Tax Act <a href="#">Public Act 206</a> . MCL 211.43	\$20M	N/A	Ohio Casualty
Fine Arts	covers the fine art owned by the city	\$31M	\$2.5K	Ironshore Indemnity Company
Workboat - Hull & Liability	Hull and Liability coverage for watercraft	\$1M	\$1K	Travelers
Excess Marine Liability		\$1M	\$1M( xs of Primary)	Travelers
Flood	Various Locations	\$500K	\$50K	NFIP
General Liability	premise liability for specific locations only	\$5M	\$1K	Hudson Excess Insurance Company



# Insurance Program – Premium Summary

Coverage	Renewal Date	Premium FY 20	Premium FY 21	Difference	% Change
All Risk Property	7/1/2020	\$1,140,118	\$1,251,744	\$111,626	9.79%
Airport Liability	7/1/2020	\$18,888	\$24,090	\$5,202	27.54%
Excess Cyber	7/1/2020	\$23,232	\$23,232	\$0	0.00%
Helicopter - Hull & Liability	7/1/2020	\$15,964	\$33,510	\$17,546	109.91%
Treasurer Bond	7/1/2020	\$50,000	\$50,000	\$0	0.00%
Fine Arts	8/7/2020	\$37,173	\$37,173	\$0	0.00%
Workboat - Hull & Liability	11/4/2020	\$34,436	\$35,005	\$569	1.65%
Excess Marine Liability	7/1/2020	\$1,497	\$1,722	\$225	15.03%
Flood (misc locations)	4/24/2020	\$15,813	\$16,398	\$585	3.70%
General Liability	7/1/2020	\$123,000	\$215,250	\$92,250	75.00%
Excess Liability	7/1/2020	\$113,944	\$0	(\$113,944)	-100.00%
<b>Total</b>		<b>\$1,574,065</b>	<b>\$1,688,124</b>	<b>\$114,059</b>	<b>7.25%</b>



# Workers' Compensation Overview

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The City currently self funds its Workers' Compensation exposure. The City is incurring approximately \$8 Million per year in Workers' Compensation claims. Just over 78% of these claims are from the Detroit Police Department and Fire Department. The City is also working to ensure that, where applicable, costs are reimbursable from federal funds.

See Exhibit 2, Workers' Compensation Trend Analysis presented to the Risk Management Council in 2020.





# Worker's Compensation – Action Items

## Claim Data Enhancement

- Reduce # of Cause of Loss Codes
- Reclassify any non-specific data
- Add employee count or total payroll for benchmark
- Capture Additional Data

## Risk Mitigation

- Police Mental Health
- Motor Vehicle Accidents
- Safety Training
- Loss Control



## Claim Mitigation

- Return to Work Program
- Fraud Audit
- Repeat Claim Review
- Vocational Rehab

# Cyber Risk - Summary

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As a result of the need and increase of City employees working remotely, as well as increase in cyber attacks on other government agencies, the Risk Management Council focused on the area of Cyber Risk for the City. The Risk Management Council received a briefing from the City's DoIT (Department of Innovation and Technology) Cybersecurity staff outlining many of the steps taken, tools used, and programs implemented to maintain the system integrity.



# Cyber Risk – Action Items

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Additional Training for  
all Employees

Targeted Training for  
those handling  
payment transactions

Work with Beazley, our  
Cyber Insurer to make  
on line cyber risk  
awareness training  
classes available



# Liability Payment Summary

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Calendar Year	Payout Amount
2018	\$ 11,662,041
2019	19,532,216
2020	6,119,355
Grand Total	\$ 37,313,612

The City spent over \$6 Million in 2020 resolving liability claims, to total over \$37M from 2018 – 2020 (see Exhibit 3: Liability Payouts for additional detail).



# Liability- Action Items

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Identify trends

Identify training opportunities to improve risk profile.

Continue to push for updated bus camera system

Driver training needs for all personnel

Vehicle Fleet Safety and Management policy



# EXHIBITS

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- Exhibit 1: Current Membership of Risk Management Council
- Exhibit 2: Workers' Compensation Trend Analysis
- Exhibit 3: Liability Payouts



# Exhibit 1: Risk Management Council Membership

Department	Delegate
Mayor	Hakim Berry, Chief Operating Officer
Corporation Counsel	Chuck Raimi, Deputy Corporation Counsel
Police	Grant Ha, Deputy Chief
Finance	John Naglick, Chief Deputy CFO/ Finance Director
Human Resources	Kimberly Hall-Wagner, Chief of Policy & Planning
Auditor General	Mark Lockridge, Auditor General
City Council	David Whitaker, Director, LPD
Inspector General	Ellen Ha, Inspector General
Transportation	Zaundra Wimberly, Deputy Director DDOT
DoIT	Beth Niblock, CIO



# Exhibit 2: Workers' Compensation Trend Analysis

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## Workers' Compensation || Trend Analysis – Risk Management Council

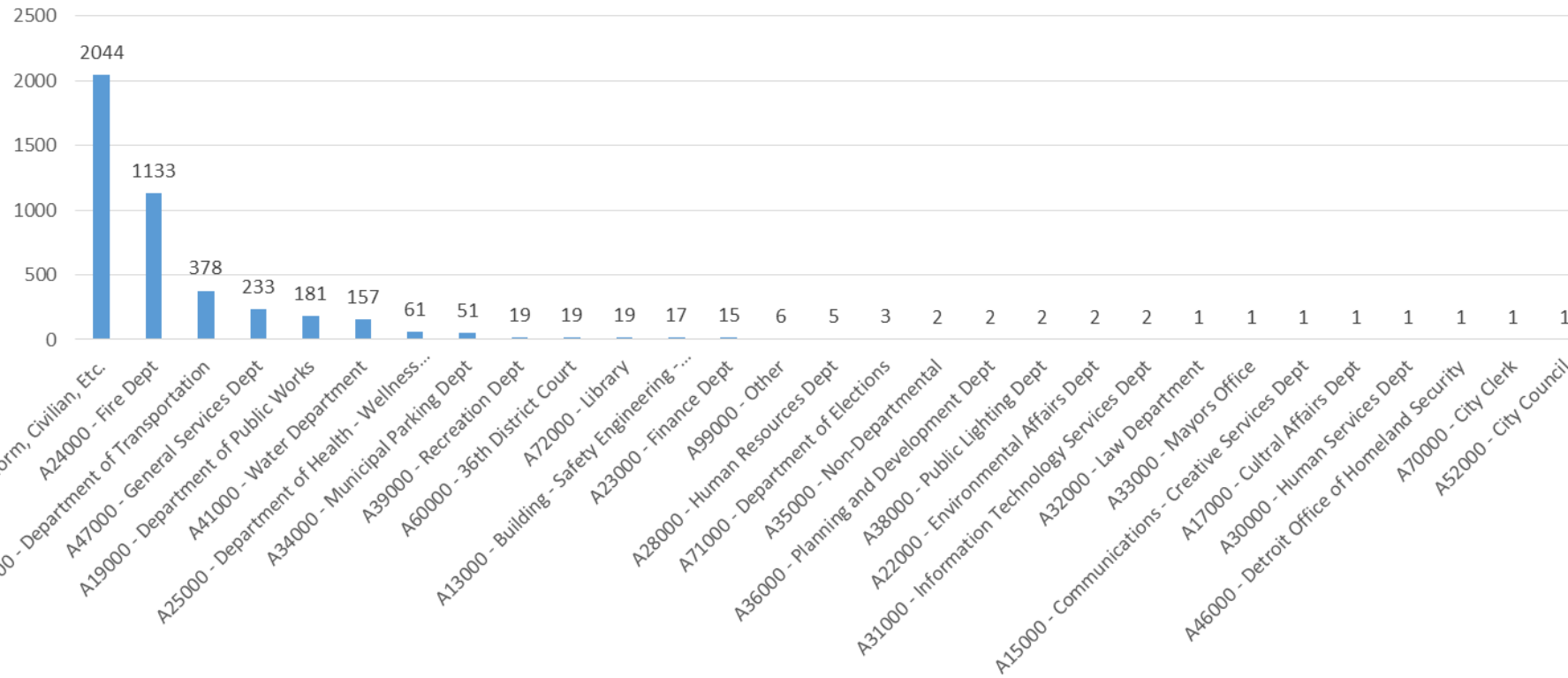
Presented by: CompOne Administrators – Robert Dewey, Director of Client Services & Business Development



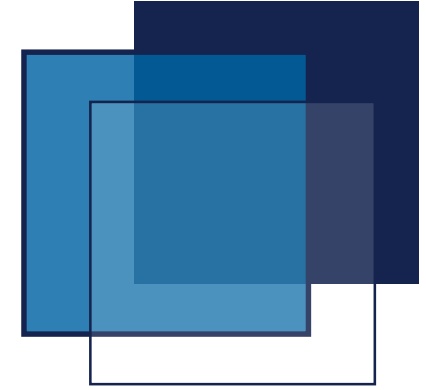
# Overview || Claim Summary – All Departments



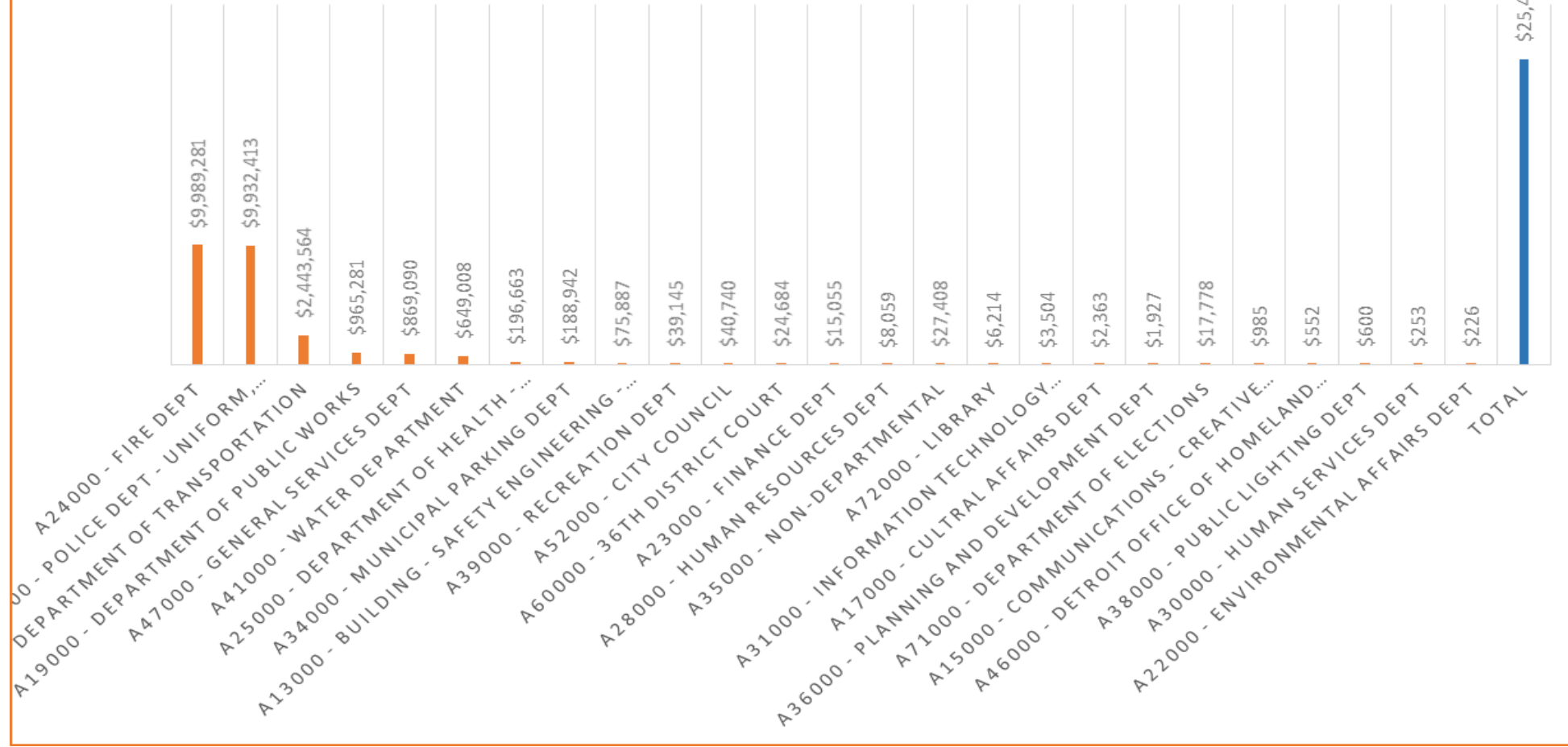
Injuries- All Departments- Last 3 Years



# Overview || Incurred Summary – All Departments



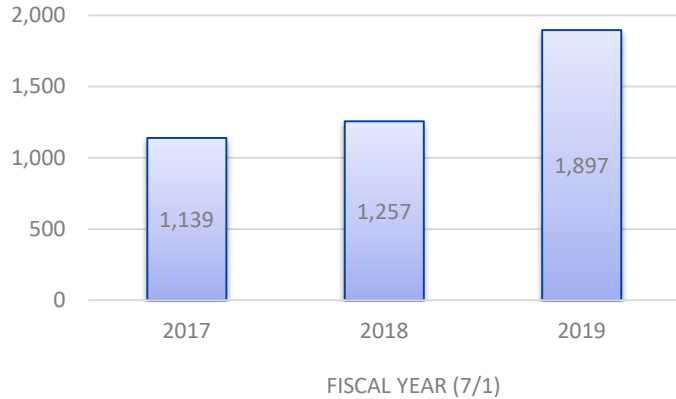
TOTAL INCURRED BY DEPT - 3 FY



# Overview || Claim Summary – Top 5 Departments

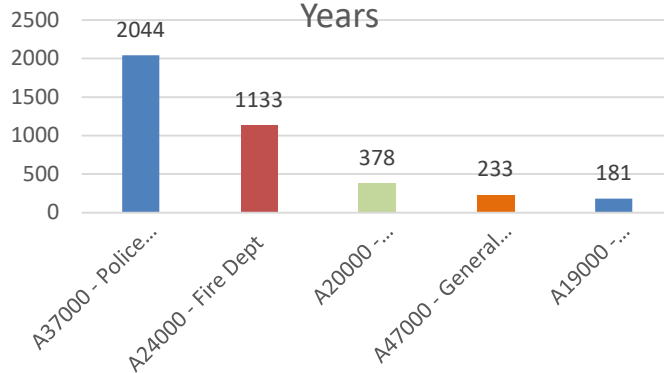


WC Claims Reported- All Departments Last Three Years



- City of Detroit, has averaged 1431 WC claims over the last 3 years. This past year had a 50% increase due to COVID claims. (810 Covid claims 2019 FY).
- 47% of claims are Police. 73% of claims are First Responder (Police/Fire/EMS)

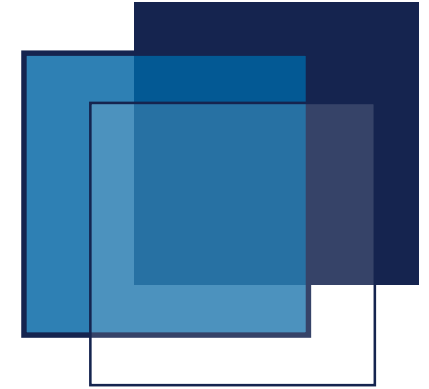
Claims- TOP 5 Departments Past 3 Years



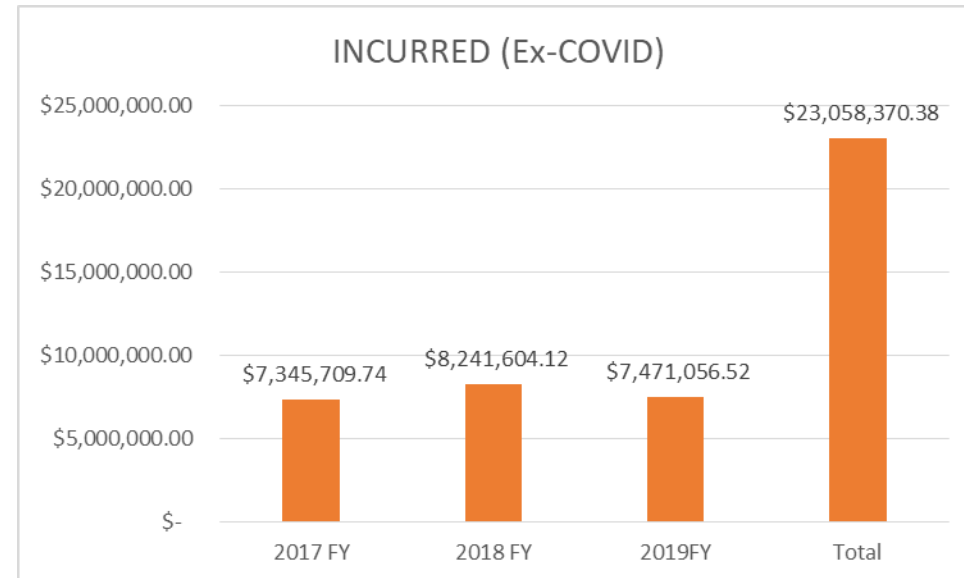
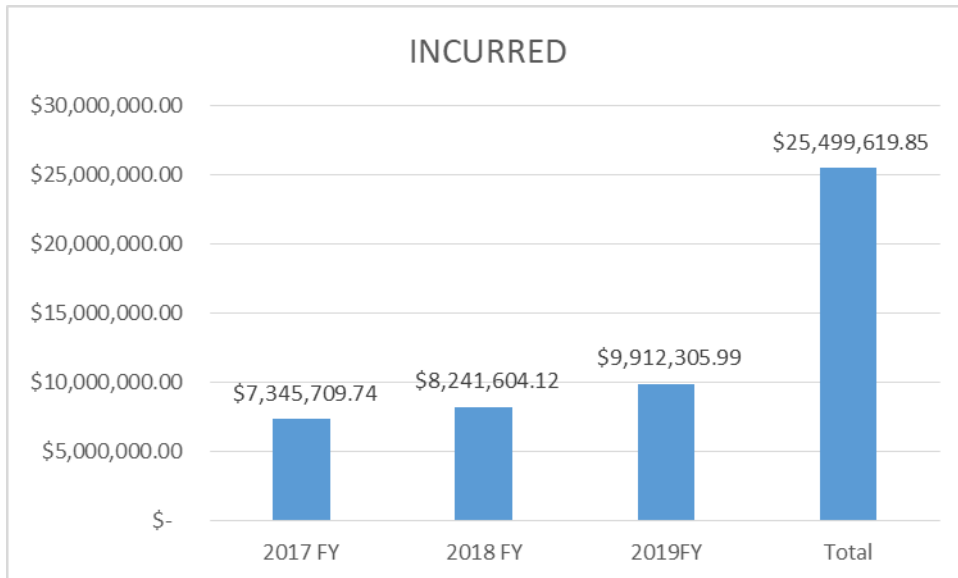
Department	Claims	Percent
A37000 - Police Dept - Uniform, Civilian, Etc.	2044	47%
A24000 - Fire Dept	1133	26%
A20000 - Department of Transportation	378	9%
A47000 - General Services Dept	233	5%
A19000 - Department of Public Works	181	4%



# Overview || Incurred Summary – Last 3 Fiscal Years

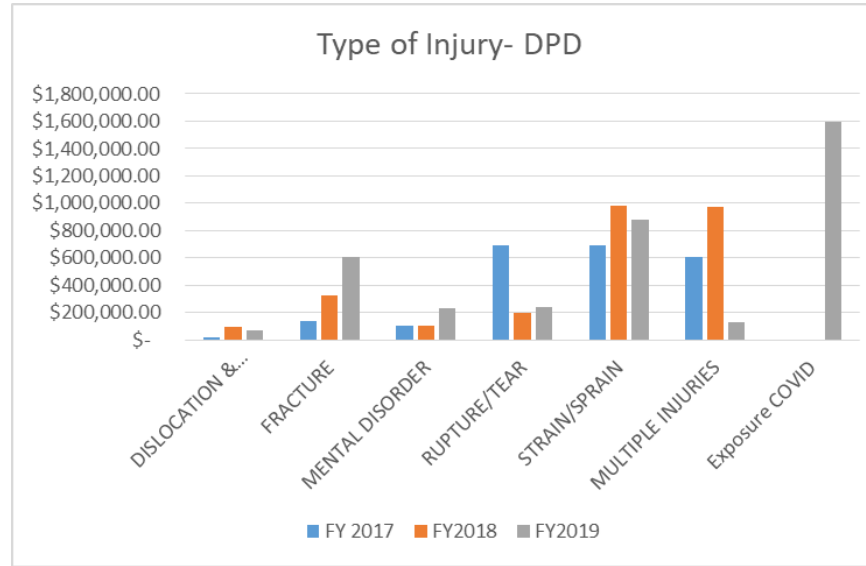


- City of Detroit had a 20% increase in Total Incurred for claims in the most recent Fiscal Year.
- Removing COVID Claims, the City was on track for a 10% reduction in Incurred in the most recent Fiscal Year.

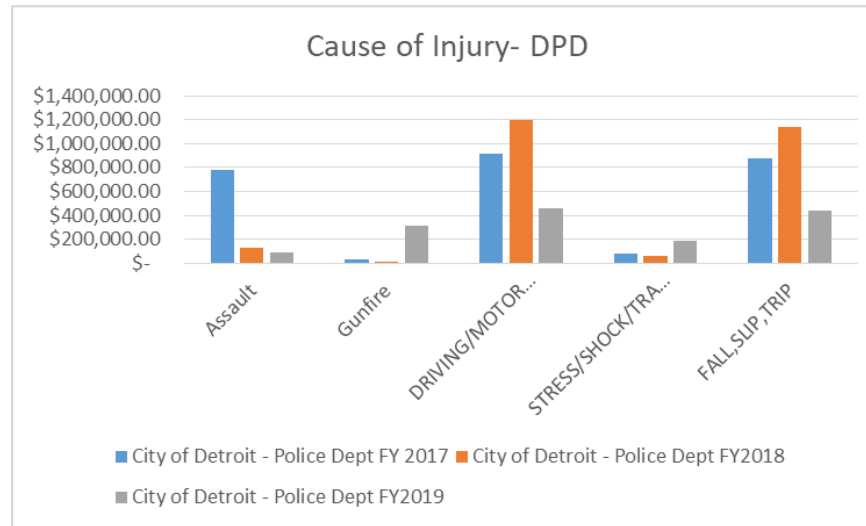


# Overview || Police Department

City of Detroit - Police Dept				
Type of Injury	FY 2017	FY2018	FY2019	
DISLOCATION & DISLOCATED DISC	\$ 21,246.80	\$ 99,470.82	\$ 72,388.95	
FRACTURE	\$ 143,371.61	\$ 325,788.87	\$ 605,014.25	
MENTAL DISORDER	\$ 107,570.11	\$ 107,654.22	\$ 233,187.33	
RUPTURE/TEAR	\$ 694,235.10	\$ 202,898.04	\$ 238,761.49	
STRAIN/SPRAIN	\$ 696,299.84	\$ 985,002.13	\$ 882,880.76	
MULTIPLE INJURIES	\$ 610,453.04	\$ 974,898.31	\$ 132,271.85	
Exposure COVID			\$ 1,593,322.48	
<b>Total All Injuries</b>	<b>\$ 2,712,042.40</b>	<b>\$ 2,888,057.34</b>	<b>\$ 4,332,313.33</b>	<b>\$ 9,932,413.07</b>

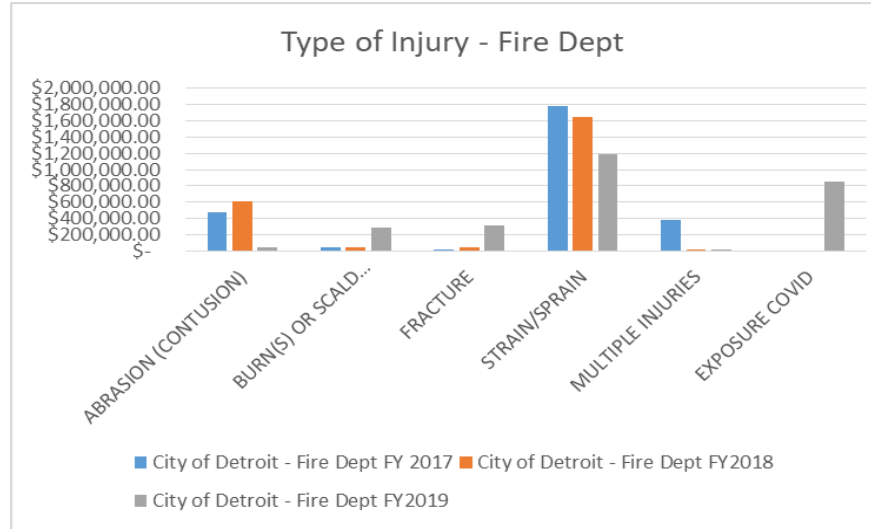


City of Detroit - Police Dept				
Cause Of Injury	FY 2017	FY2018	FY2019	
Assault	\$ 777,810.59	\$ 128,874.69	\$ 89,637.15	
Gunfire	\$ 36,732.93	\$ 2,230.11	\$ 316,895.94	
DRIVING/MOTOR VEHICLE ACCIDENT	\$ 914,838.07	\$ 1,197,961.73	\$ 460,778.11	
STRESS/SHOCK/TRAUMA	\$ 84,629.18	\$ 60,812.81	\$ 187,530.85	
FALL,SLIP,TRIP	\$ 874,912.18	\$ 1,141,160.04	\$ 443,023.01	

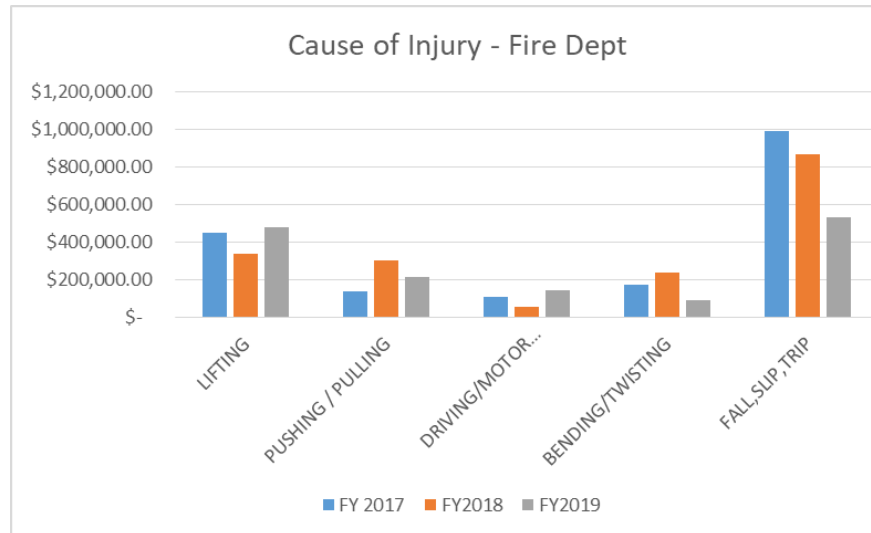


# Overview || Fire Department

City of Detroit - Fire Dept				
Type of Injury	FY 2017	FY2018	FY2019	
ABRASION (CONTUSION)	\$ 473,091.67	\$ 612,217.47	\$ 44,589.24	
BURN(S) OR SCALD (HEAT)	\$ 51,831.05	\$ 50,935.27	\$ 282,524.93	
FRACTURE	\$ 9,732.90	\$ 47,456.59	\$ 317,253.45	
STRAIN/SPRAIN	\$ 1,784,671.61	\$ 1,645,648.04	\$ 1,188,415.56	
MULTIPLE INJURIES	\$ 381,579.54	\$ 13,238.45	\$ 10,600.00	
EXPOSURE COVID			\$ 846,502.19	
<b>Total All Injuries</b>	<b>\$ 2,936,819.70</b>	<b>\$ 3,019,962.29</b>	<b>\$ 4,032,498.72</b>	<b>\$ 9,989,280.71</b>



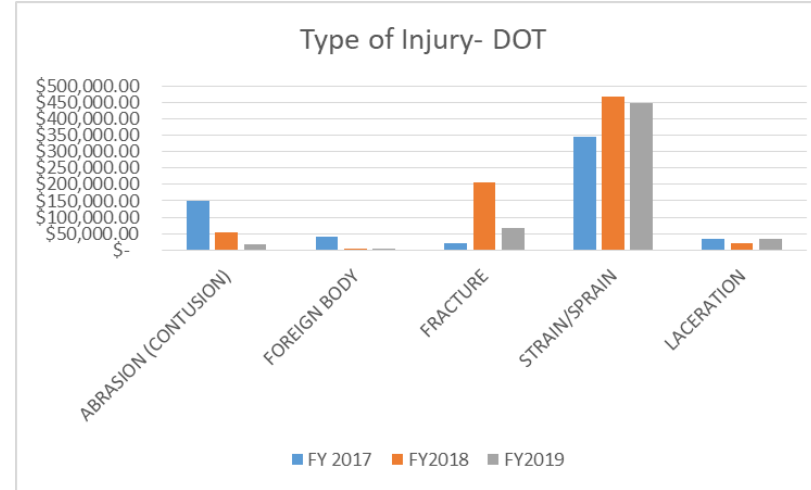
City of Detroit - Fire Dept				
Cause Of Injury	FY 2017	FY2018	FY2019	
LIFTING	\$ 450,349.29	\$ 340,561.00	\$ 480,041.80	
PUSHING / PULLING	\$ 142,780.15	\$ 304,414.55	\$ 216,130.13	
DRIVING/MOTOR VEHICLE ACCIDEN	\$ 108,089.28	\$ 58,565.63	\$ 144,780.33	
BENDING/TWISTING	\$ 173,305.91	\$ 238,849.36	\$ 96,070.62	
FALL,SLIP,TRIP	\$ 991,899.02	\$ 868,250.81	\$ 533,237.85	



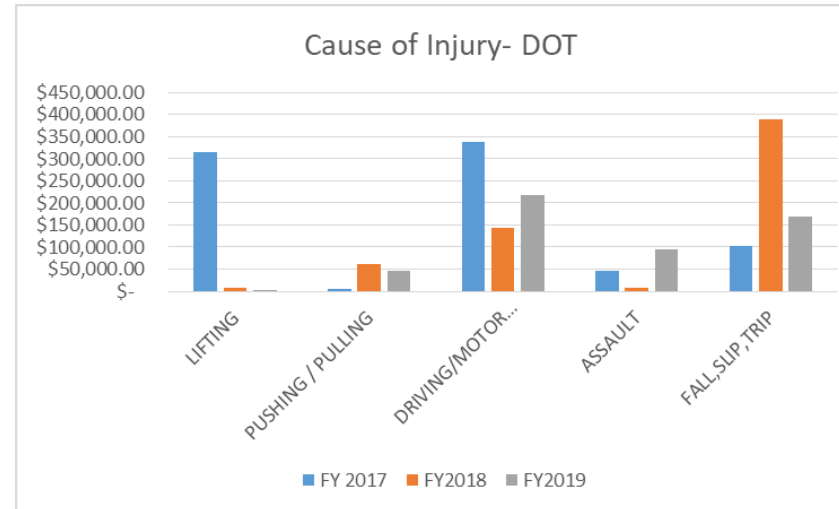
# Overview || Department of Transportation



City of Detroit - Dept of Transportation				
Type of Injury	FY 2017	FY2018	FY2019	
ABRASION (CONTUSION)	\$ 150,823.16	\$ 52,828.90	\$ 18,518.84	
FOREIGN BODY	\$ 41,546.74	\$ 4,689.61	\$ 429.62	
FRACTURE	\$ 19,513.15	\$ 207,062.97	\$ 66,829.12	
STRAIN/SPRAIN	\$ 346,288.96	\$ 467,566.05	\$ 448,022.35	
LACERATION	\$ 33,173.08	\$ 20,340.75	\$ 33,051.42	
<b>Total All Injuries</b>	<b>\$ 918,351.24</b>	<b>\$ 820,624.10</b>	<b>\$ 704,588.26</b>	<b>\$ 2,443,563.60</b>



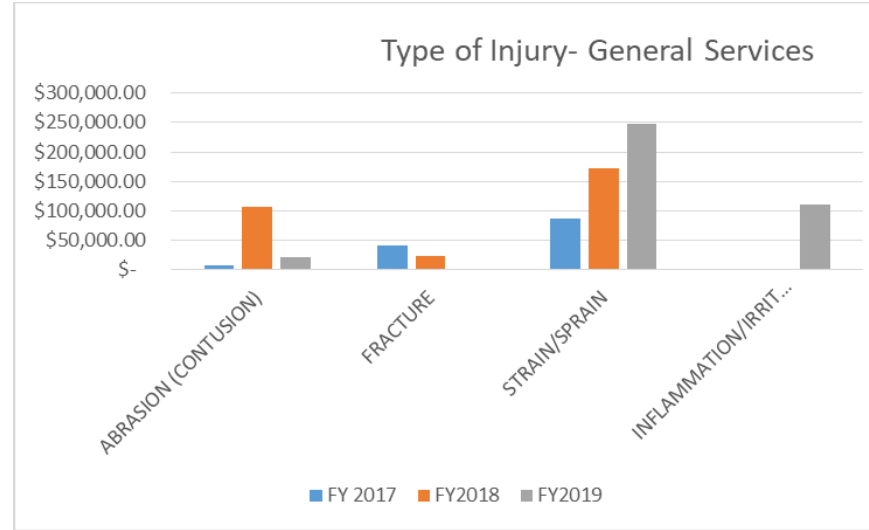
City of Detroit - Dept of Transportation				
Cause Of Injury	FY 2017	FY2018	FY2019	
LIFTING	\$ 315,419.74	\$ 7,633.97	\$ 481.27	
PUSHING / PULLING	\$ 5,697.70	\$ 62,680.79	\$ 46,944.96	
DRIVING/MOTOR VEHICLE AC	\$ 338,983.64	\$ 143,886.12	\$ 217,139.60	
ASSAULT	\$ 45,811.82	\$ 6,722.55	\$ 94,316.21	
FALL,SLIP,TRIP	\$ 102,911.25	\$ 388,587.05	\$ 169,239.73	



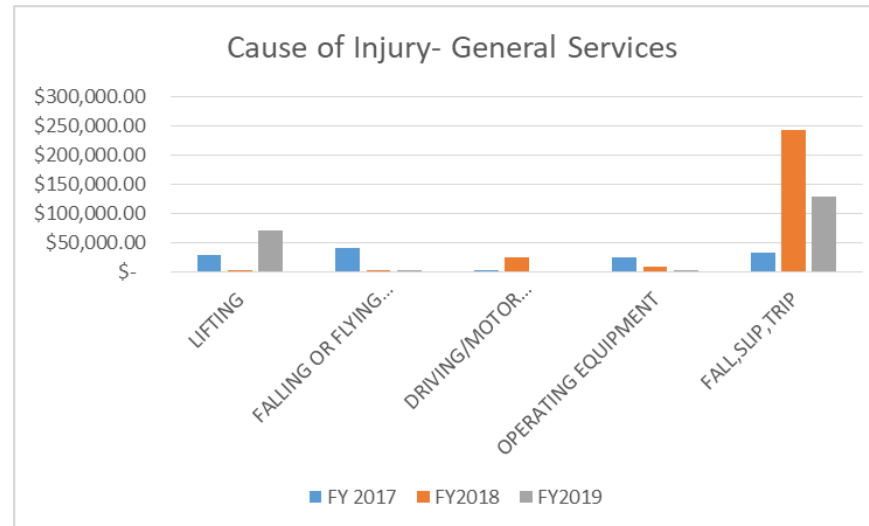


# Overview || General Services

City of Detroit - General Services				
Type of Injury	FY 2017	FY2018	FY2019	
ABRASION (CONTUSION)	\$ 6,823.72	\$ 106,450.63	\$ 20,788.09	
FRACTURE	\$ 40,611.73	\$ 24,296.98		
STRAIN/SPRAIN	\$ 87,952.18	\$ 172,204.29	\$ 247,699.19	
INFLAMMATION/IRRITATION			\$ 110,370.60	
<b>Total All Injuries</b>	<b>\$ 145,887.59</b>	<b>\$ 333,032.06</b>	<b>\$ 390,169.92</b>	<b>\$ 869,089.57</b>

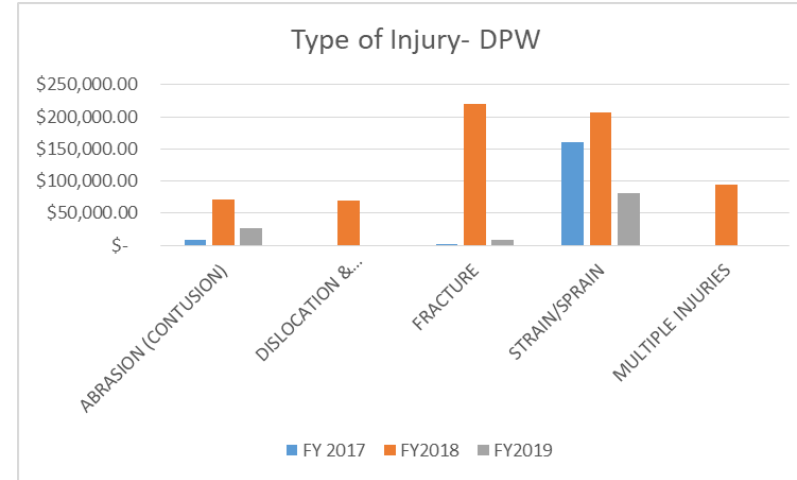


City of Detroit - General Services				
Cause Of Injury	FY 2017	FY2018	FY2019	
LIFTING	\$ 29,843.40	\$ 1,810.09	\$ 70,275.67	
FALLING OR FLYING OBJECT	\$ 40,638.80	\$ 7,325.64	\$ 284.39	
DRIVING/MOTOR VEHICLE ACCIDENT	\$ 2,365.85	\$ 25,611.05	\$ -	
OPERATING EQUIPMENT	\$ 24,130.21	\$ 8,074.26	\$ 1,487.00	
FALL,SLIP,TRIP	\$ 33,397.14	\$ 243,221.90	\$ 128,079.33	

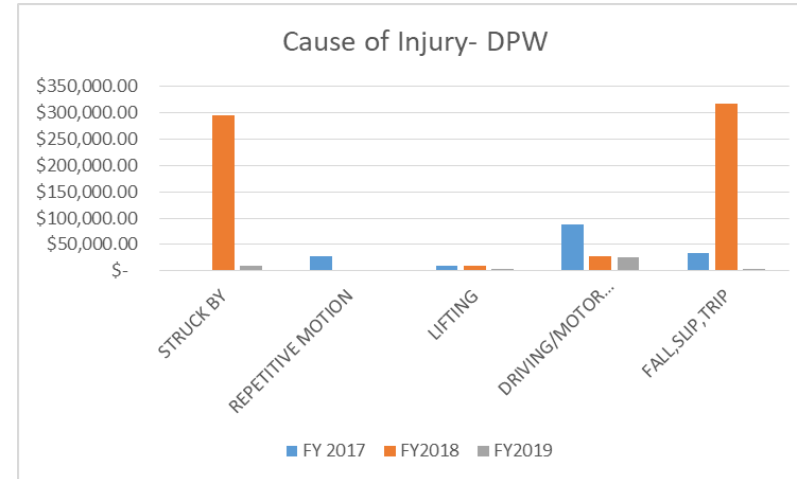


# Overview || Department of Public Works

City of Detroit - Dept of Public Works				
Type of Injury	FY 2017	FY2018	FY2019	
ABRASION (CONTUSION)	\$ 8,138.15	\$ 71,478.13	\$ 27,272.27	
DISLOCATION & DISLOCATED DISC		\$ 69,960.47		
FRACTURE	\$ 800.07	\$ 219,592.64	\$ 9,230.60	
STRAIN/SPRAIN	\$ 160,570.43	\$ 207,239.24	\$ 80,398.46	
MULTIPLE INJURIES		\$ 94,774.22		
<b>Total All Injuries</b>	<b>\$ 173,847.95</b>	<b>\$ 669,307.72</b>	<b>\$ 122,125.24</b>	<b>\$ 965,280.91</b>

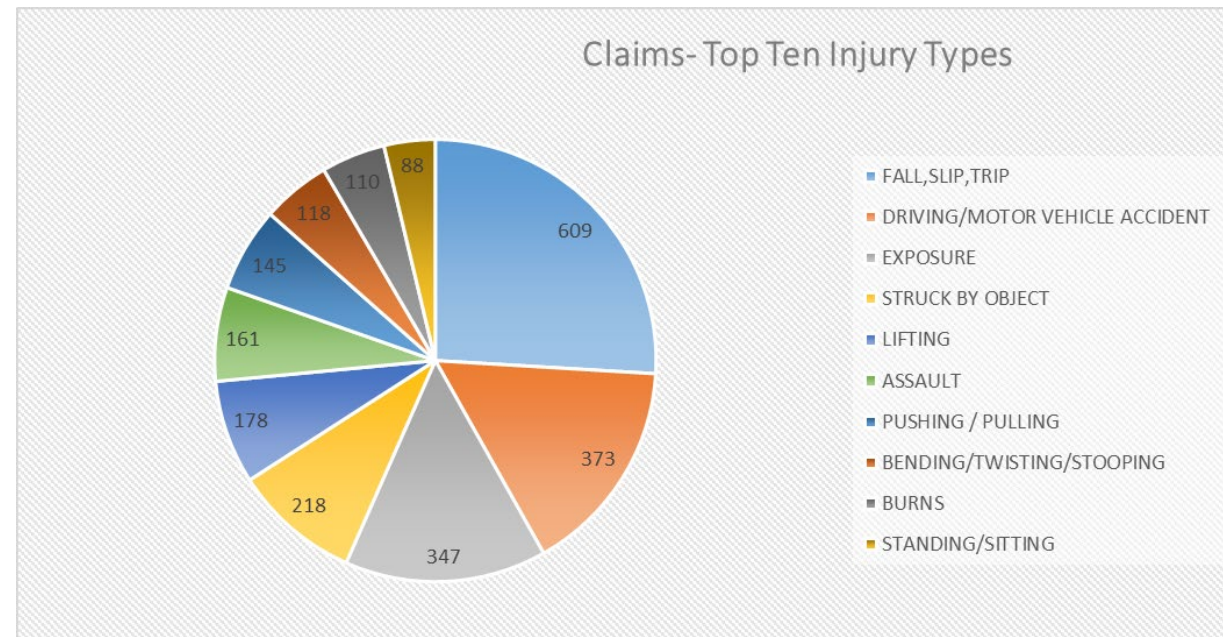


City of Detroit - Dept of Public Works				
Cause Of Injury	FY 2017	FY2018	FY2019	
STRUCK BY	\$ 1,977.39	\$ 294,520.06	\$ 10,243.74	
REPETITIVE MOTION	\$ 28,621.18	\$ 149.67	\$ 662.30	
LIFTING	\$ 10,218.38	\$ 8,944.28	\$ 2,695.33	
DRIVING/MOTOR VEHICLE ACCIDENT	\$ 87,549.72	\$ 28,666.06	\$ 26,213.11	
FALL,SLIP,TRIP	\$ 32,917.05	\$ 317,178.81	\$ 2,901.01	



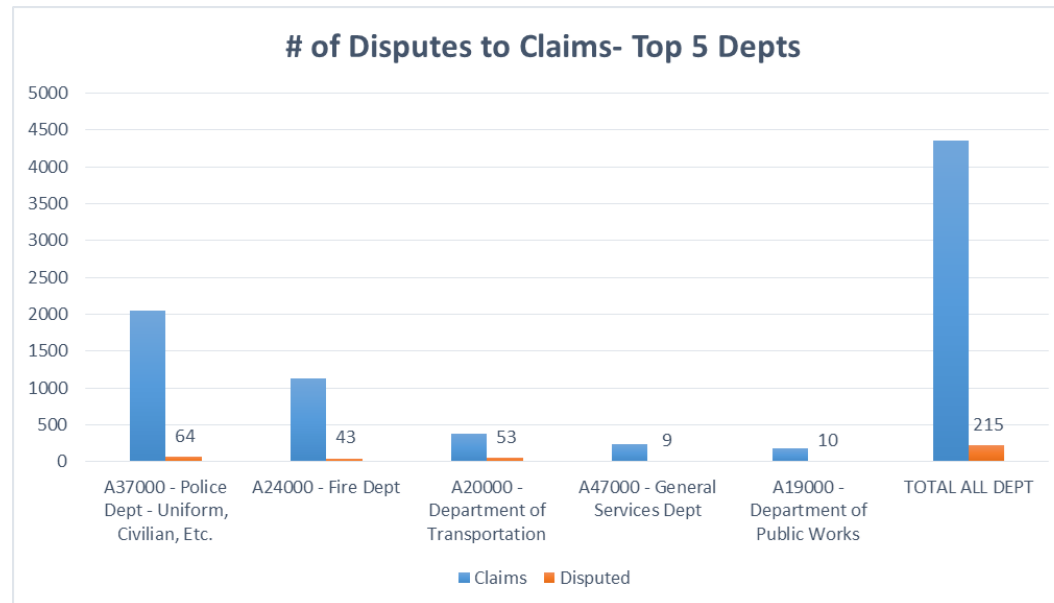
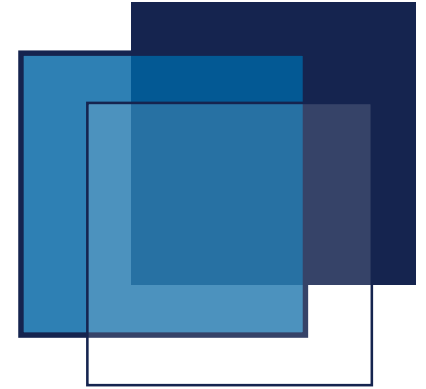
# Inquiries

- Which Injuries are the most common Types?
- Response: For the past 5 years the most common types of injury causes are
  - #1- Falls, Slips, Trips (609)
  - #2- Driving/Motor Vehicle Accidents (373)
  - #3 – Exposure Bodily Fluid/Foreign Contaminant/Toxic (347)
  - #4 – Struck by Object (218)
  - #5 – Lifting (178)



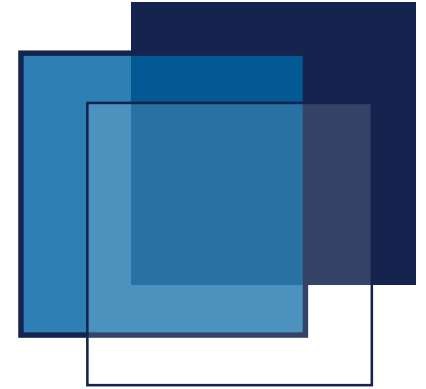
# Inquiries

- **Of Claims Made, which type of injuries tend to be fraudulent and how do we determine fraudulent Injuries?**
- **Response**
  - We currently only track claims as disputed.
  - Claims typically disputed as to whether condition arose out of, or in the course of employment. Or as to whether injury meets the definition of disability (inability to perform work).
  - For the past 3 years, 4.9% of City Claims were disputed.
  - For Comparison - All claims in Michigan, as reported by the Bureau of Disability and Workers Compensation - 25.56% are disputed.



# Inquiries

- **Of Claims challenged or disputed, what % result in redemption or settlements?**
- **Response**
  - For 3 year period, 215 disputed claims, 20 claims resulted in Settlements (9.3%).
  - In Comparison, Statewide 73% of disputed claims result in settlement.
  - City of Detroit average settlement amount is \$36,011.
  - Statewide, average settlement amount is \$58,641.



# Inquiries

- Of Claims settled, which injuries tend to have larger payouts?
- **Response**
  - The top 4 settlements in the study involve knee or back injuries, with degenerative disease.
  - Common traits:
    - ✓ Over 55 years of age
    - ✓ Weight bearing joints
    - ✓ Significant Degenerative Disease



# Inquiries

- **Of Claims Settled, is there correlation between payout and treating physician or IME Physicians?**
- **Response**
  - Of the 9 claims with largest payouts (over \$50K) treating Physician and IME Physician do not seem to be drivers, as there was not a common treater between claimants.
  - Objective evidence of injury existed, mainly question as to causation or relatedness to employment.



# Exhibit 3: Liability Payouts

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## Litigated Liability Payouts 2018-2020

<b>Departments</b>	<b>Other</b>		<b>Auto</b>	<b>Total</b>		
<b>Buildings - Safety Engineering Department</b>	\$	<b>70,000.00</b>	\$	<b>70,000.00</b>		
2019	\$	45,000.00	\$	45,000.00		
2020	\$	25,000.00	\$	25,000.00		
<b>Department of Innovation and Technology</b>	\$	<b>195,000.00</b>	\$	<b>195,000.00</b>		
2019	\$	195,000.00	\$	195,000.00		
<b>Department of Public Works</b>	\$	<b>1,808,674.00</b>	\$	<b>76,250.00</b>	\$	<b>1,884,924.00</b>
2018	\$	384,749.00	\$	71,250.00	\$	455,999.00
2019	\$	1,118,300.00	\$	5,000.00	\$	1,123,300.00
2020	\$	305,625.00	\$		\$	305,625.00
<b>Department of Transportation</b>	\$	<b>1,432,343.81</b>	\$	<b>12,946,123.56</b>	\$	<b>14,378,467.37</b>
2018	\$	154,285.00	\$	6,691,908.94	\$	6,846,193.94
2019	\$	715,377.90	\$	4,037,579.12	\$	4,752,957.02
2020	\$	562,680.91	\$	2,216,635.50	\$	2,779,316.41
<b>Detroit Building Authority</b>	\$	<b>75,000.00</b>	\$		\$	<b>75,000.00</b>
2018	\$	75,000.00	\$		\$	75,000.00
<b>Finance Department</b>	\$	<b>582,087.02</b>	\$		\$	<b>582,087.02</b>
2018	\$	300,000.00	\$		\$	300,000.00
2019	\$	282,087.02	\$		\$	282,087.02
<b>Fire Department</b>	\$	<b>1,164,960.75</b>	\$	<b>556,000.00</b>	\$	<b>1,720,960.75</b>
2018	\$	1,037,500.00	\$	15,000.00	\$	1,052,500.00
2019	\$	12,500.00	\$	41,000.00	\$	53,500.00
2020	\$	114,960.75	\$	500,000.00	\$	614,960.75
<b>GENERAL SERVICES</b>	\$	<b>6,250.00</b>	\$		\$	<b>6,250.00</b>
2018	\$	6,250.00	\$		\$	6,250.00
<b>Health Department</b>	\$	<b>250.00</b>	\$		\$	<b>250.00</b>
2020	\$	250.00	\$		\$	250.00
<b>Housing and Revitalization Department</b>	\$	<b>85,000.00</b>	\$		\$	<b>85,000.00</b>
2020	\$	85,000.00	\$		\$	85,000.00
<b>Law Department</b>	\$	<b>128,019.52</b>	\$		\$	<b>128,019.52</b>
2019	\$	128,019.52	\$		\$	128,019.52
<b>Municipal Parking Department</b>	\$	<b>1,325.00</b>	\$	<b>23,000.00</b>	\$	<b>24,325.00</b>
2018	\$	1,325.00	\$	20,000.00	\$	21,325.00
2020	\$		\$	3,000.00	\$	3,000.00
<b>Police Department</b>	\$	<b>16,651,097.44</b>	\$	<b>1,463,231.11</b>	\$	<b>18,114,328.55</b>
2018	\$	2,446,742.00	\$	458,031.11	\$	2,904,773.11
2019	\$	11,913,252.52	\$	990,100.00	\$	12,903,352.52
2020	\$	2,291,102.92	\$	15,100.00	\$	2,306,202.92
<b>Water Department</b>	\$	<b>49,000.00</b>	\$		\$	<b>49,000.00</b>
2019	\$	49,000.00	\$		\$	49,000.00
<b>Grand Total</b>	\$	<b>22,249,007.54</b>	\$	<b>15,064,604.67</b>	\$	<b>37,313,612.21</b>