

ANNUAL RISK MANAGEMENT REPORT

For Calendar Year 2025

Office of the Chief Financial Officer



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Executive Summary

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.

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

Insurance Market Update

Market Pressures...



Great Resignation & Quiet Quitting



Social Inflation/
Nuclear Verdicts
& Legislation



Geopolitical



Cyber Attacks



Mass Shootings



Ukraine & Middle
East War/Conflicts

Global insured losses through the first nine months of 2025 are projected to reach **\$105 billion**, marking the **lowest total since 2019**. Five major events in January—the California wildfires, reportedly among the costliest in history, and three severe convective storms—accounted for **53% of all global insured losses**. In total, **22 individual events** each generated **over \$1 billion** in insured losses.

From July through September, loss activity slowed significantly, making it **one of the least costly third quarters since 2000**. Looking ahead, the next three months remain sensitive to the remainder of hurricane season and ongoing convective storm activity across the United States and Europe.



Aging
Infrastructure



Climate Change



Inflation &
Increased Loss Cost



Natural Disasters



Supply Chain &
Labor Shortage



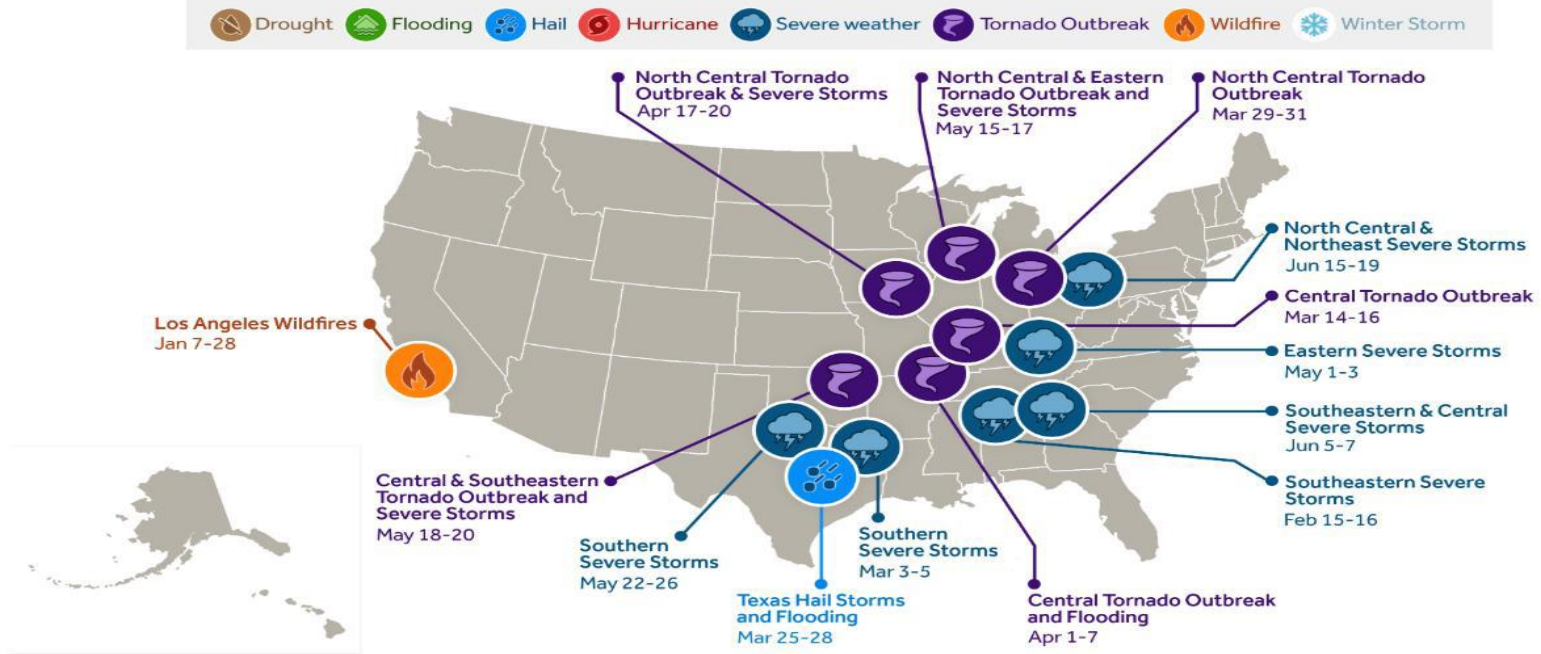
Proliferation of
"secondary"
perils (SCS)



**RISE
HIGHER**

Insurance Market Update (cont.)

U.S. 2025 Billion-Dollar Weather & Climate Disasters



This map shows the approximate location for each of the 14 separate billion-dollar weather and climate disasters that impacted the United States from January-June of 2025.

CLIMATE CENTRAL

Insurance Program Renewal

- In FY26 we saw an overall premium decrease of approximately 4.5 % — a favorable result in a challenging market.
- Comparable policies, coverage, and limits will be maintained.

Broker RFP

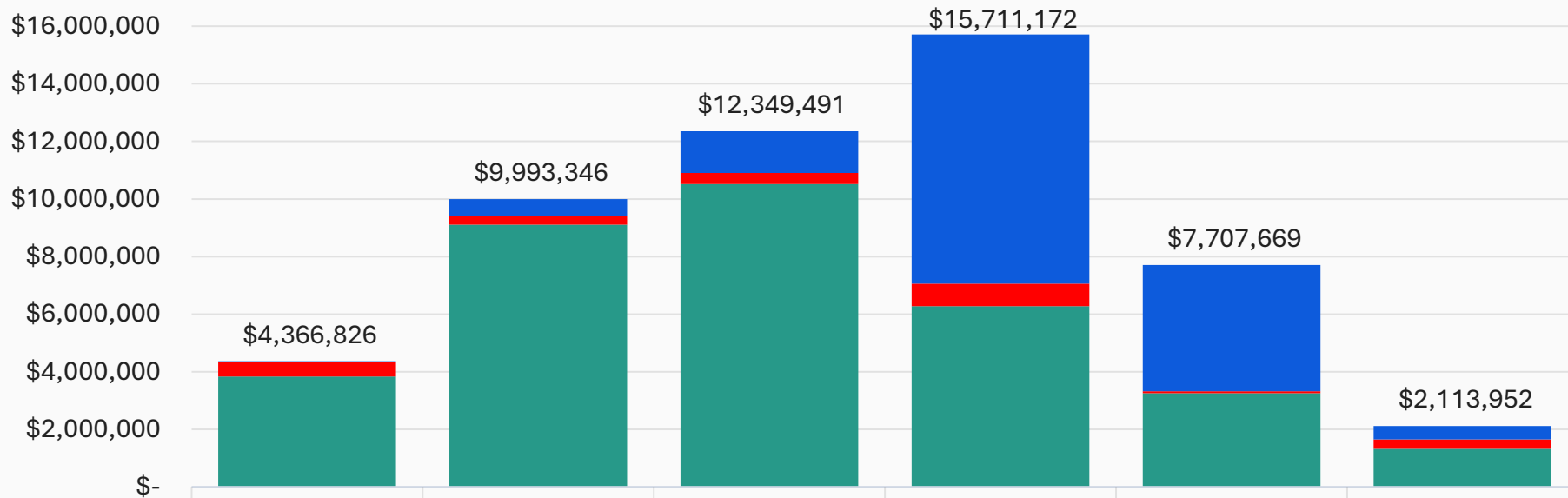
- While we have been satisfied with the service provided by alliant, since it has been 6 years since we issued an RFP for broker services we will start that process in August 2026.
- Based on a competitive bid process we hope to select the new broker by December of 2026 in order that they can be up to speed by the time the renewal process starts (Feb 27) for our July 1, 2027, Insurance program renewal.

Risk Managers Top Concerns for 2026

- The top two Risk Management concerns for 2026 continue to be Cyber issues as well as Natural Catastrophe's. (Source: Alliant industry survey)
- Artificial Intelligence is an emerging risk across all industries, including public entities.



Auto Loss Update (Litigated Payouts)



	2020	2021	2022	2023	2024	2025
TOTAL	4,366,826	9,993,346	12,349,491	15,711,172	7,707,669	2,113,952
DPD	28,157	588,445	1,444,589	8,648,606	4,390,615	460,551
DFD	509,792	302,008	391,886	790,481	63,200	329,168
DDOT	3,828,877	9,102,893	10,513,016	6,272,085	3,253,854	1,324,233

■ DDOT ■ DFD ■ DPD TOTAL



**RISE
HIGHER**

Auto Safety Update

- After reviewing the auto loss summary (previous slide) the Risk Management Committee asked for an auto safety update from DDOT and DFD, two of the departments that continue to incur significant claims.
- In the coming year we will get a comparable auto safety update from DPD.

DDOT Auto Safety Update

- The DDOT safety team updated the RM committee as to their focused approach to driver hiring, and training, all with an effort towards improving driver auto safety.
- Specific focus has been on reviewing accident causation with an eye towards focusing their safety efforts on reducing preventable losses.
- DDOT also updated the Committee on the prospective timeline for the new bus camera system. This camera system will be a critical safety tool, for the DDOT safety team, in reducing auto related losses, injuries to passengers, drivers and third-party motorists or pedestrians. The results increase the likelihood for significant cost savings to the City.

DFD Auto Safety Update

- At fault, or preventable, incidents require members to complete another remedial driving course focused on safe driving.
- Drivers in preventable accidents are also required to undergo practical driving experience without physical risk to people or other equipment.
- Accident review, investigation and follow up to identify training needs and/or disciplinary action.

Pollution Legal Liability Loss

The City has filed a claim with its insurer, Ironshore Insurance (a Liberty Mutual company), for the pollution loss(es) incurred in the residential demolition program.

The insurance policy has a \$5 Million Limit.

More information will be provided as it is developed.

Cyber Claims – industry

Ransomware Payments

Payments made by victims to ransomware groups totaled \$814M in 2024, down 35% from the record-high of \$1.25B in 2023. ⁽³⁾ This is the first time ransom payments have declined since 2022.

- (1) NetDiligence Cyber Claims Study 2024 Report
- (2) Chainalysis cryptocurrency tracking data
- (3) IBM Cost of a Data Breach 2024
- (4) Duane Morris Class Action Review 2025

57

Current State of Claims



As measured by the number of claims over the past 5 years, the financial services sector is among the **top 5 most affected industries**, which as a group account for 52% of all claims and 59% of total incident cost. ⁽¹⁾



Ransomware and Business Email Compromise are the leading causes of loss. ⁽¹⁾ The US has the highest average cost of a data breach of any country at **\$9.36M**. ⁽³⁾ However, the percentage of attack victims paying a ransom has declined over the past five years as business are relying more on restoration, backups and remediation strategies.



Data breach class actions are at record levels. There were 1,488 data breach class action filings in 2024, up from 1,320 in 2023 and more than double the amount in 2022. ⁽⁴⁾ The number of filings has risen by 1,265% over the last 6 years.

Alliant



**RISE
HIGHER**

Cyber Security

Training Goals



Prevent or mitigate harm



Create a people-centric culture of security



Help employees navigate cyber threats through user awareness and training



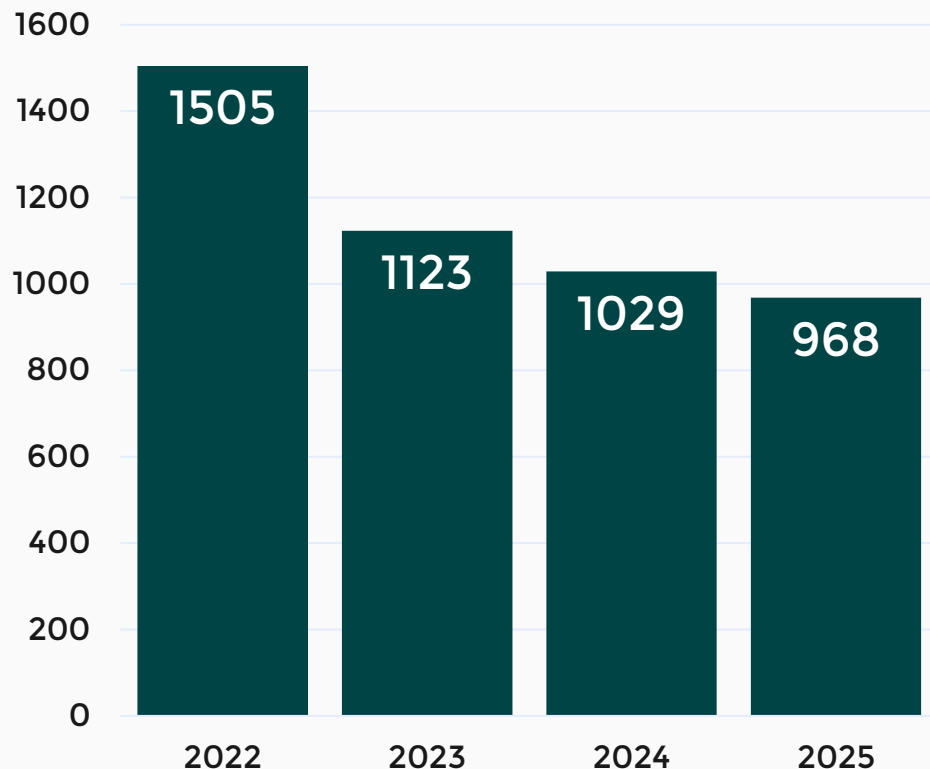
Ensure employee wellbeing by providing knowledge that employees can use in their personal lives

Cyber Security *(cont.)*

- The Risk Management Committee continues to receive periodic updates from DoIT as to their internal efforts in cyber security.
- DoIT also provided the Committee with updates as to the employee training for cyber awareness.
- The training is available for all employees with an “@detroit.gov” email address

Workers Compensation

Claims Reported



- 1156 – Average number of claims reported over last four years
- Claims reported is at lowest point since working with CompOne
- Highest injury day: Mon/Wed (18%)
- Lowest injury day: Thurs (14%)

Top Cause of Injury (FY25)

Injury Code	Total Paid	Claimants	Percentage
Collision with Vehicle	\$2,052,870.24	47	24.74%
Body Motion	\$1,626,824.10	188	19.61%
Fall, Slip, Trip	\$1,285,768.55	100	15.50%
Lifting	\$713,002.36	38	8.59%
Struck By	\$633,680.53	46	7.64%
Illness, Disease, Bodily Failure	\$618,842.78	32	7.46%
Fall, Different Level	\$432,145.65	26	5.21%
Vehicles	\$354,816.47	18	4.28%
Slipped	\$295,137.54	18	3.56%
Walking/Jumping	\$284,338.69	17	3.43%
	\$8,297,426.91	530	

Body Part	Total Incurred	Count	Average
Leg(s)	\$1,745,552.94	10	\$174,555.29
Back, Coccyx, Lumbar, Sacrum, Spine	\$1,542,821.78	135	\$11,428.31
Shoulder - Left	\$779,767.03	30	\$25,992.23
Knee - Right	\$640,640.93	45	\$14,236.47
Shoulder - Right	\$613,165.25	30	\$20,438.84
Knee - Left	\$551,267.16	29	\$19,009.21
Neck	\$547,721.25	36	\$15,214.48
Circulatory System	\$518,971.28	8	\$64,871.41
Head, Unspecified	\$464,649.66	105	\$4,425.23
Ankle - Right	\$341,245.96	27	\$12,638.74

- Vehicle collision has the highest incurred (\$1.6m single claim)
- Body Motion – accounts for 35.4% of injuries, next is falls at 19%
- Back injuries are highest count and total cost of claims. Leg injuries is highest average cost per claim

Risk Management Committee Action Items

Auto Safety

- Monitor and support loss control efforts at department level.
- Continue to support the DDOT new bus camera system.
- Monitor and support driver safety, and training needs, for all Employees.

Reverse Conviction cases

- Monitor the resolution of cases and periodically perform a reserve analysis.

Risk Management Committee Action Items *(cont.)*

Cyber Safety

- Support the continued training, and cyber awareness, efforts for all employees.
- Work to maintain our cyber insurance coverage.

Workers' Compensation

- Support the safety efforts of our WC staff across the enterprise.
- Support Return to Work program.
- Focus TPA efforts to resolve older claims.

Exhibits

- Exhibit 1: Risk Management Committee Roster
- Exhibit 2: Work Comp Annual Report

Exhibit 1: Risk Management Council Membership

Department	Delegate
Mayor	Winnie Liao, Chief Operating Officer
Corporation Counsel	Conrad Mallett, Deputy Corporation Counsel
Police	Grant Ha, Deputy Chief
Finance (OCFO)	John Naglick, Chief Deputy CFO/ Finance Director
Human Resources	Kimberly Hall-Wagner, Chief of Policy & Planning
Auditor General	Laura Goodspeed, Auditor General
City Council	David Whitaker, Director, LPD
Inspector General	Kamau Marable, Inspector General
Transportation	Michael Enriquez, Safety Manager Robert Cramer, Director
DoIT	Art Thompson, CIO

Exhibit 2: Work Comp Annual Report



2025 WORKERS COMPENSATION STEWARDSHIP REPORT

7/1/2024 to 6/30/2025

Presented By:

Robert Dewey
Chief Client Officer

Jeffrey Packard
Senior Account Executive

»» OVERVIEW

- CompOne is pleased to present the Fiscal year 2025 stewardship report for City of Detroit Workers Compensation Program. City of Detroit is a valued client for CompOne and we look forward to continued successful partnership. We continue to focus on exceeding your expectations while achieving the most favorable outcomes possible.
- CompOne took over the program in July 2019, handling new and takeover Workers' Compensation losses.
- For purposes of the analysis, incurred loss dollars are defined as total paid dollars plus total outstanding reserves. Most current reporting period is Fiscal Year 2025 (7-1-2024 to 6-30-2025)

»» CORPORATE UPDATES

- CompOne annual Michigan Client Seminar Sept 2025, updates on Michigan WC Legal, Loss Control, and Medical Updates, as well as Industry trends, East Lansing Michigan.
- CompOne - AbsencePlus Division integrated for all depts (ex Police) on 5-1-2024

»» LOOKING AHEAD

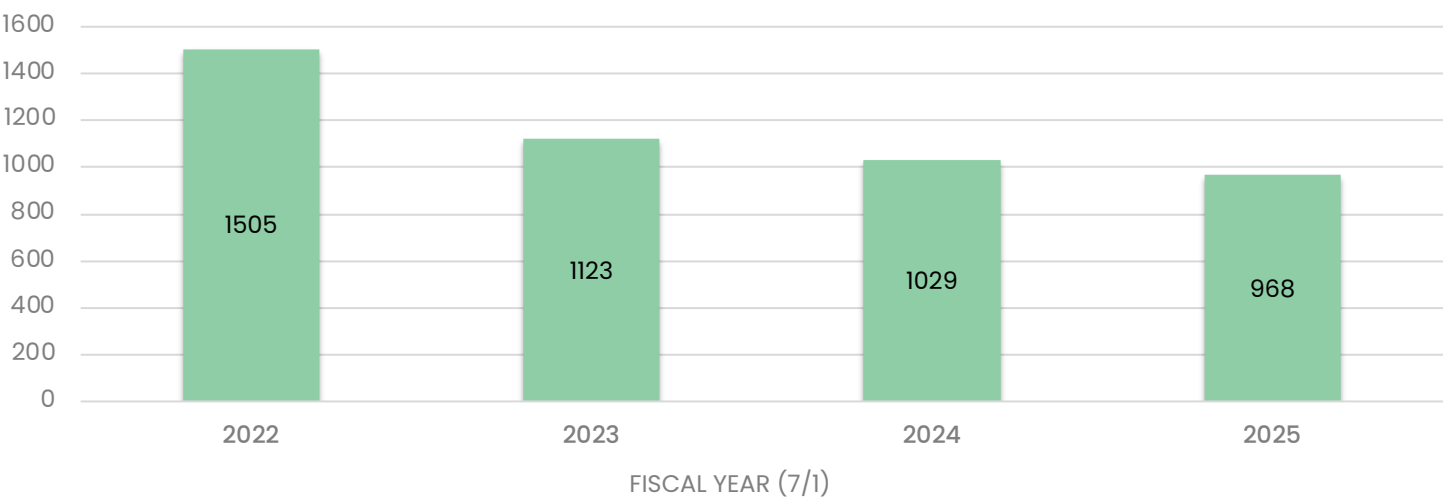
- CompOne attend WCI National Conference. Sponsor of the MSIA conference, and the Kids Chance of Michigan.
- Prodigy - PBM and DME Repricing Networks

>> ANALYSIS

The significant highlights that are detailed in this report include:

- City of Detroit – WC has averaged 1156 claims reported over the last 4 years, with year over year decreases.
- Claims Reported is at lowest point since program started with CompOne. Employee count increased by 17.7% during this period (1693 FTE).
- Highest injury days of the week is spread closely throughout the normal work week (Thurs at 14% lowest, Mon/Wed 18% highest)
- Average paid per claim decreased by \$456 per claim in FY 2025 compared to FY 2024.
- Incurred Increased by \$2,040 per claim. 2 Large losses over \$500K (\$2.1M) drive incurred increase.
- City of Detroit has seen a shift in less Indemnity claims as a percentage of totals claims. On par with the Michigan Average of 36%.
- City of Detroit is consistently beating the industry in Average cost of Medical claims.
- Employees with less than 5 year of service drove 60% of all claims
- Age of employees correlates to Claim Cost. Employer over age 50, more than 6 times greater claim cost versus under 25
- Employees with greater than 10 years of service had highest average claim cost. \$8,064 per claim. This average is more than twice the cost of workers with less than 5 years seniority.
- Vehicle Collision has the highest incurred. \$1.6M single claim.
- Body Motion – account for 35.4% of Injuries. Next is falls at 19%
- Back injuries are highest and highest the Highest Average Cost per Claim. Legs is due to \$1.67M single claims
- City averages 9.03 days from Injury to Claim Report to TPA. (compared to 11.3 FY 2024)
- City has an inverse relationship of delays in claim report to Average Incurred (longer lag, lower cost)
- 28% of all reported claims are from Police Dept
- Fire had the most paid on claims in FY 2024 41.6% of all claim costs
- The Average Cost per claim is highest for Dept of Transportation \$25,755 per claim. Ex- CAT is \$9015.
- Medical Bill Review Total Savings of \$8,764,975 on \$12,428.906M in Charges
- Over \$411,443 in RX Savings (\$308K last year). 60% Savings against Charges

CLAIMS REPORTED



1156

AVERAGE NUMBER
OF CLAIMS REPORTED
OVER LAST FOUR YEARS.



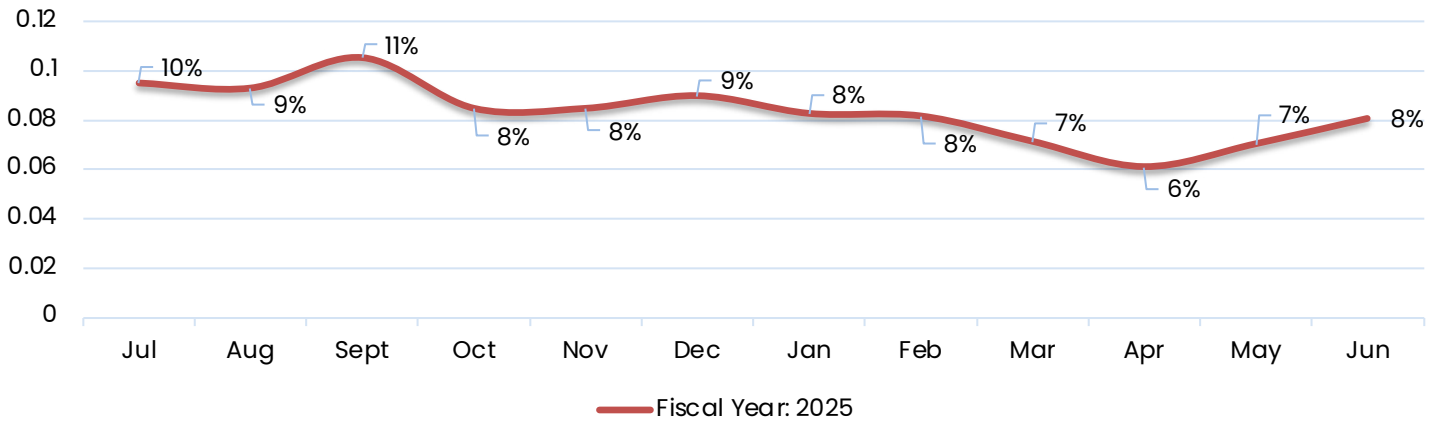
CLAIMS REPORTED IS AT
LOWEST POINT
SINCE WORKING WITH
COMPONE.

18% HIGHEST INJURY DAY
MON/WED

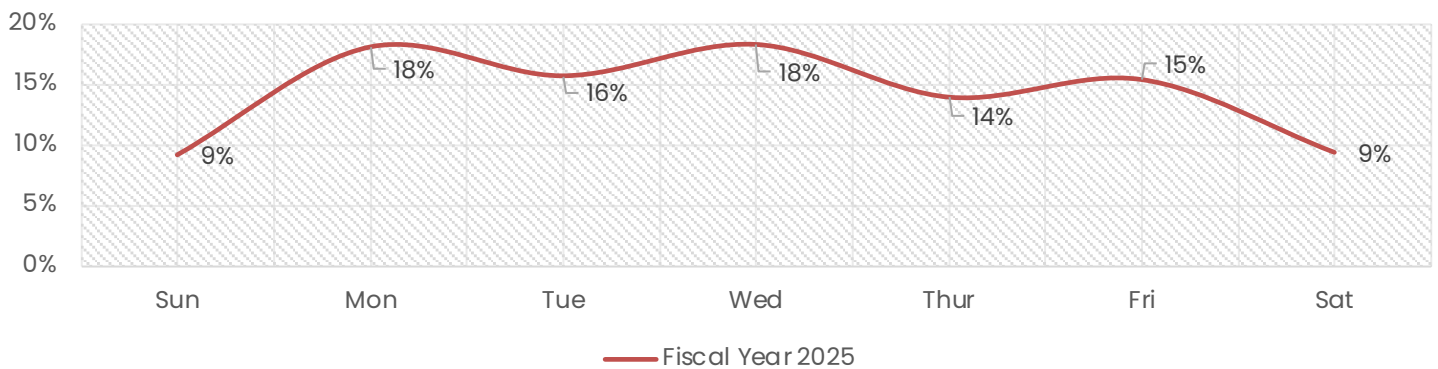


14% LOWEST INJURY DAY
THURSDAY

CLAIM COUNTS BY MONTH

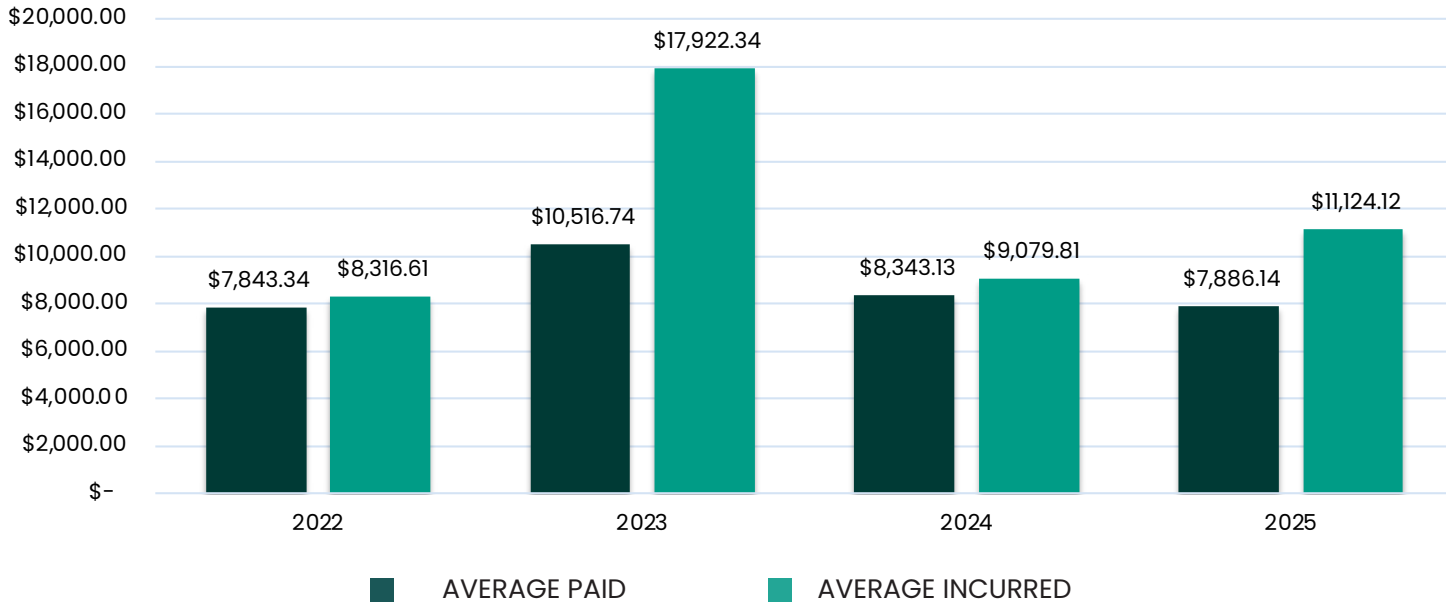


CLAIM COUNTS BY DAY OF THE WEEK



AVERAGE CLAIM COSTS

Average Paid and Incurred for Accident Year
Fiscal Year (7/1)

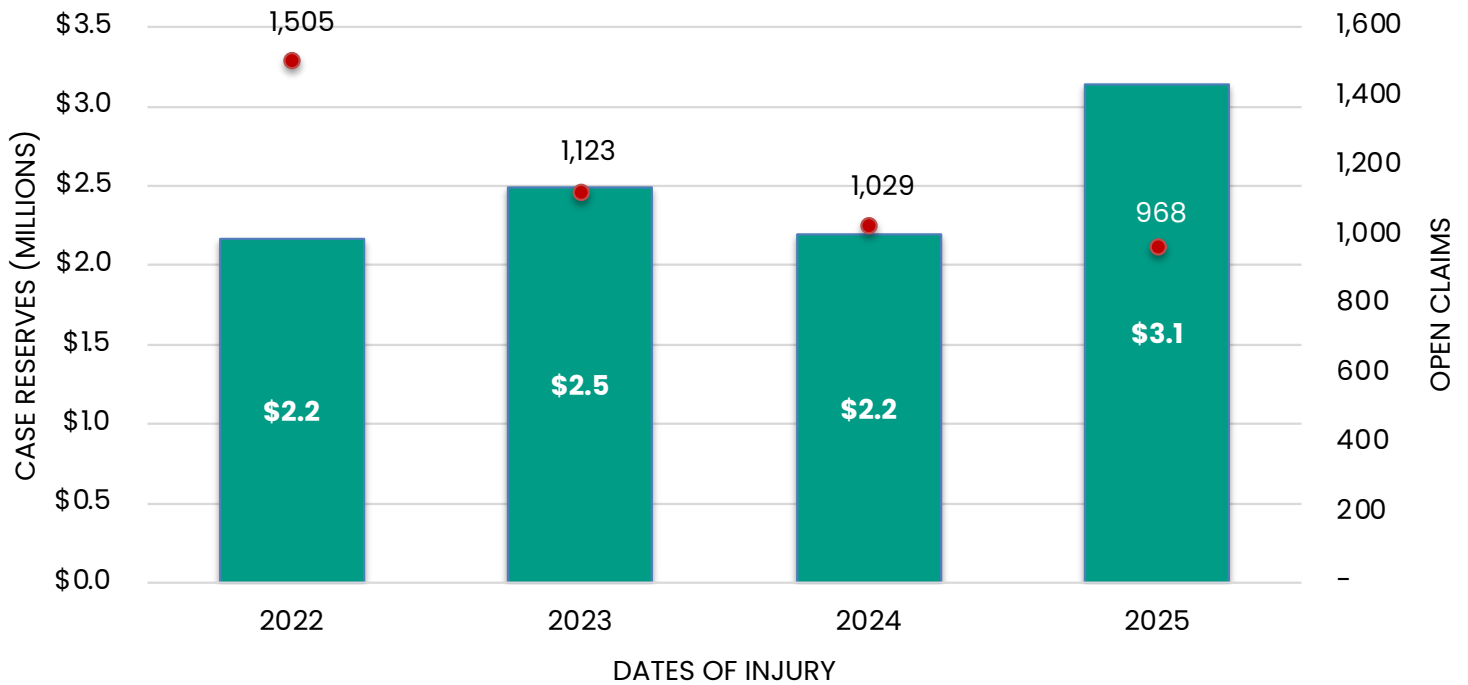


PAID PER CLAIM
AVERAGE
DECREASED
\$456
FISCAL YEAR 2025

Incurred Increased by
\$2,040 per claim. 2 Large
losses over \$500K (\$2.1M)
drive incurred increase.

TOTAL OUTSTANDING

Open Claims By Date of Injury



Claim Reported **decreased by 35.6%**
in most recent over last 4 years.

BENCHMARK COMPARISON

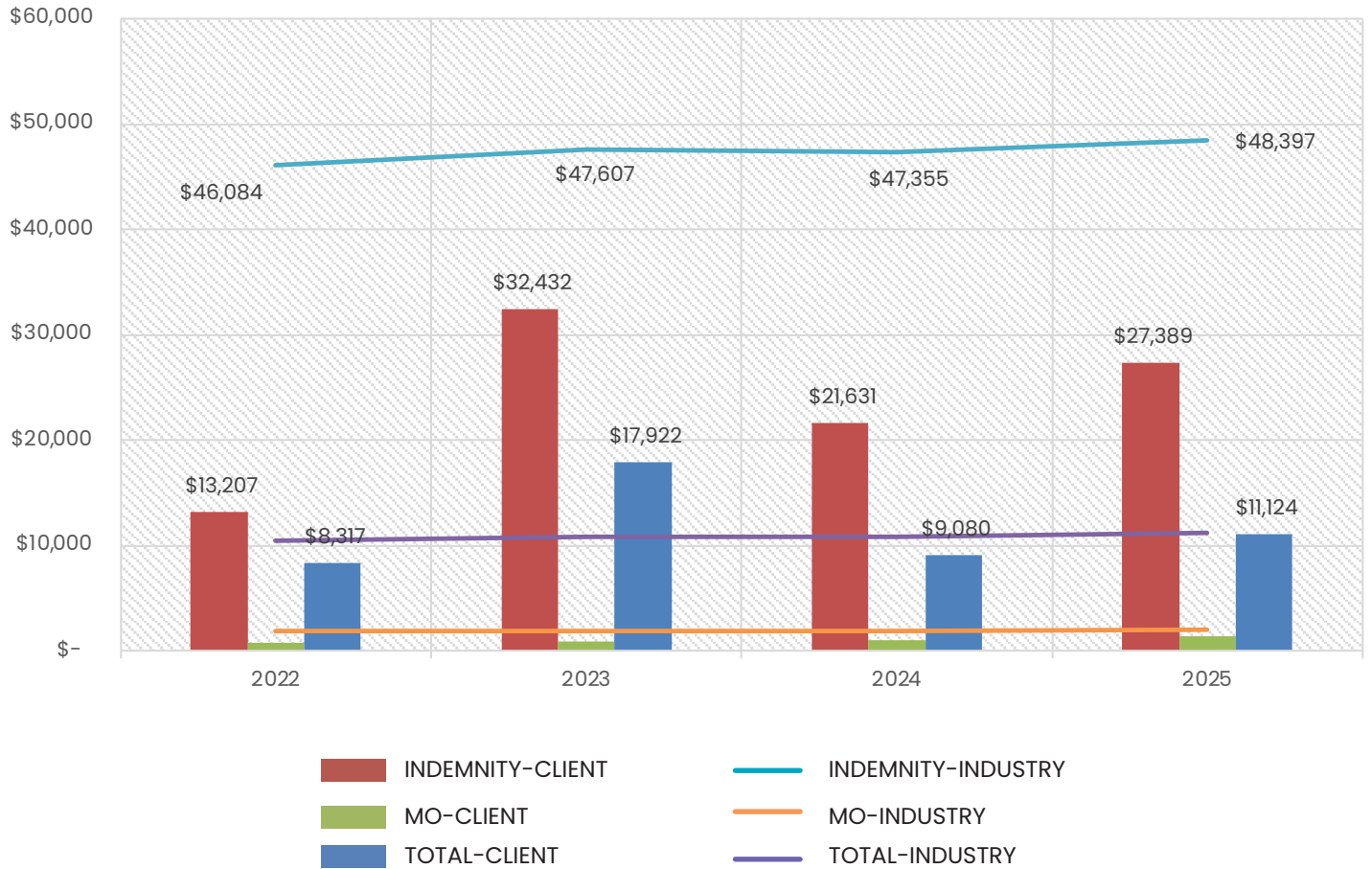
Excluding ALAE

Accident Year	Claims Distribution		Average Paid			Average Incurred		
	Benchmark	Client	Benchmark	Client	Variance	Benchmark	Client	Variance
2022			\$5,616	\$7,843	\$2,227	\$10,517	\$8,317	(\$2,200)
Indemnity Claims	36%	61%	\$ 23,633.90	\$ 12,427.02	(\$11,207)	\$ 47,607.18	\$ 13,207.17	(\$34,400)
Medical Only Claims	64%	39%	\$ 1,451.13	\$ 774.26	(\$677)	\$ 1,886.47	\$ 774.24	(\$1,112)
2023			\$ 6,729.00	\$ 7,843.34	\$1,114	\$ 10,829.66	\$ 17,922.34	\$7,093
Indemnity Claims	35%	54%	\$ 23,417.78	\$ 12,427.02	(\$10,991)	\$ 47,355.14	\$ 32,431.83	(\$14,923)
Medical Only Claims	65%	46%	\$ 1,489.20	\$ 774.26	(\$715)	\$ 1,935.96	\$ 854.01	(\$1,082)
2024			\$ 5,978.00	\$ 10,516.74	\$4,539	\$ 10,794.61	\$ 9,079.81	(\$1,715)
Indemnity Claims	32%	39%	\$ 24,461.10	\$ 18,730.86	(\$5,730)	\$ 49,343.14	\$ 21,630.69	(\$27,712)
Medical Only Claims	68%	61%	\$ 1,527.27	\$ 854.01	(\$673)	\$ 1,985.45	\$ 999.93	(\$986)
2025			\$ 7,178.00	\$ 8,343.13	\$1,165	\$ 11,195.56	\$ 11,124.12	(\$71)
Indemnity Claims	31%	37%	\$ 24,950.32	\$ 19,775.92	(\$5,174)	\$ 50,428.69	\$ 27,389.24	(\$23,039)
Medical Only Claims	69%	63%	\$ 1,557.81	\$ 983.04	(\$575)	\$ 2,029.13	\$ 1,408.00	(\$621)

- Industry benchmarks are from the 2024 Michigan Workers' Disability Compensation Agency Annual Report. Amounts are for losses only and do not include expenses or legal costs.
- City of Detroit has seen a shift in less Indemnity claims as a percentage of totals claims. On par with the Michigan Average of 36%.
- City of Detroit is consistently beating the industry in Average cost of Medical claims.

AVERAGE INCURRED

City of Detroit - WC vs. Industry





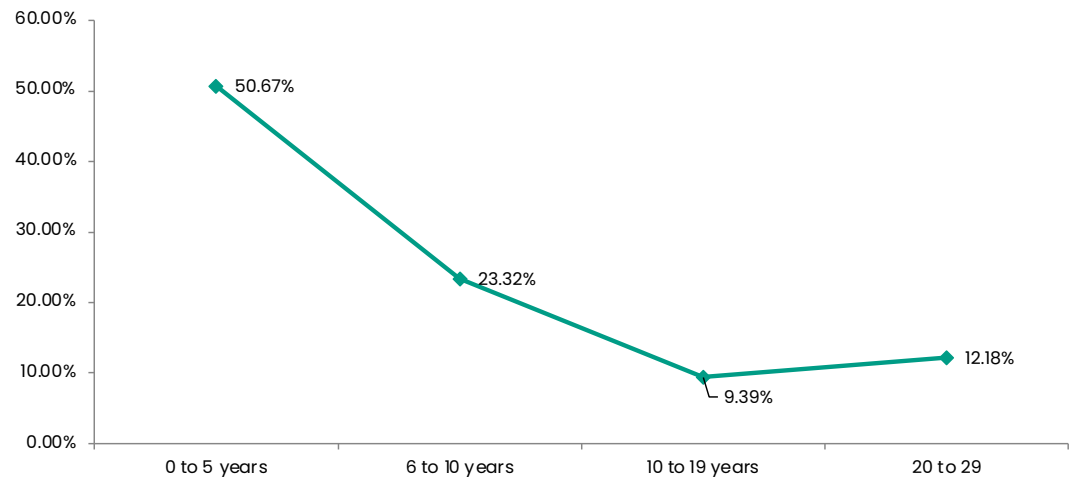
INJURY TRENDS

Employees with less than 5 years of service drove 50% of all claims

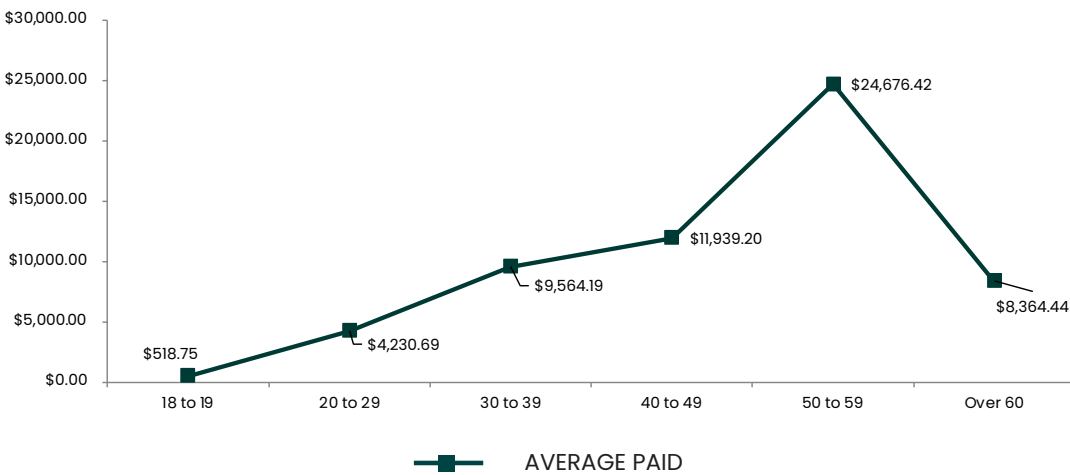
Age of employees correlates to Claim Cost. Employer over age 50, equals six times greater claim cost versus under 25

LENGTH OF SERVICE OCCURRENCE

Fiscal Year 2025



AGE OF EMPLOYEE AVERAGE COST



TOP 10 CAUSES OF INJURY

Fiscal Year 2025

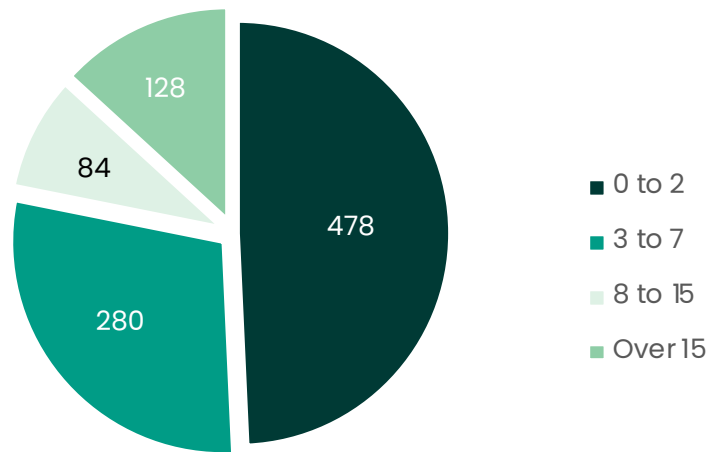
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Fall, Different Level	\$ 432,145.65	26	0.05%
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Slipped	\$ 295,137.54	18	0.04%
Walking/Jumping	\$ 284,338.69	17	0.03%
	\$ 8,297,426.91	530	

- Vehicle Collision has the highest incurred. \$1.6M single claim.
- Body Motion - account for 35.4% of Injuries. Next is falls at 19%
- Back injuries are highest count and total cost of claims. Leg Injuries is highest average cost per claim.

Body part	Total Incurred	Count	Average
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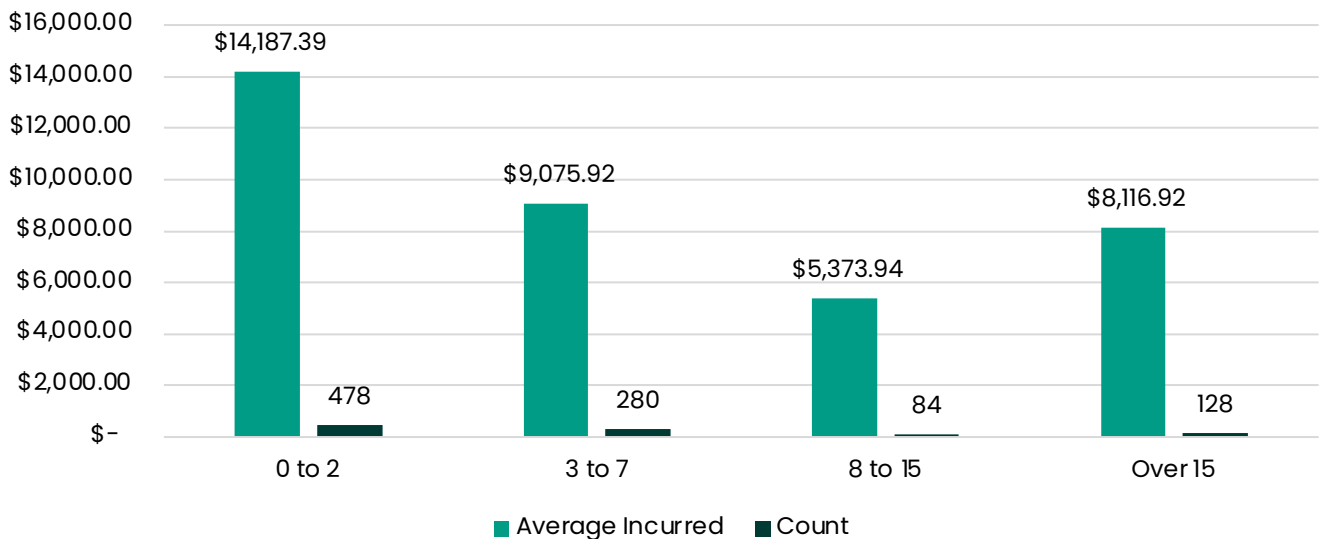
REPORT LAG AND IMPACT

Fiscal Year 2025



AVERAGE INCURRED TO LAG

Days - Lag to Average Incurred



**9.03 day
average**

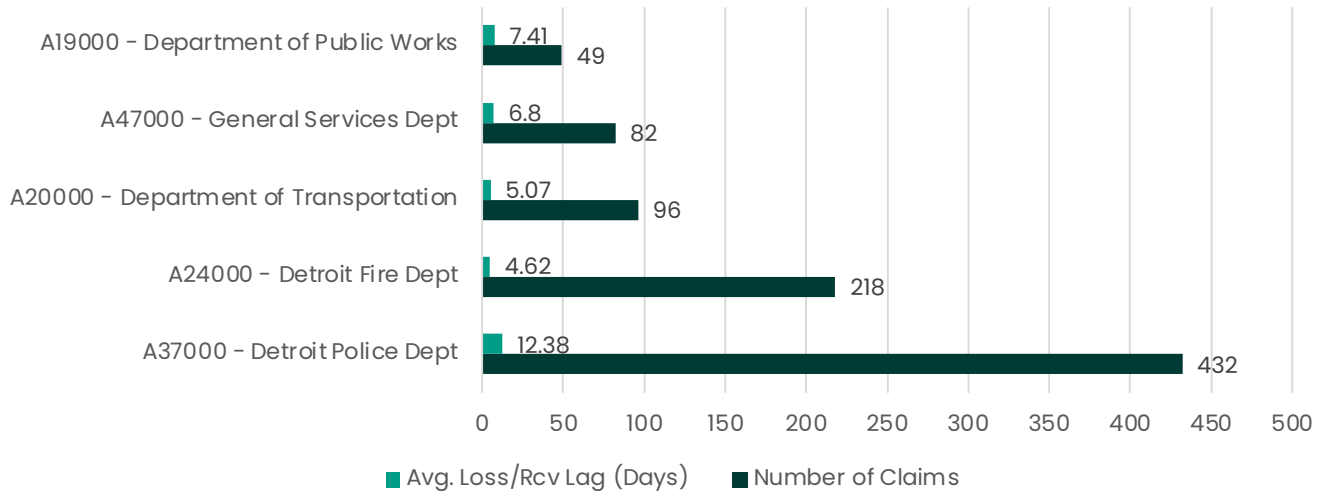
Injury > Claim Report > TPA

City has an inverse relationship of delays in claim report to Average Incurred (longer lag, lower cost)

AVERAGE REPORT LAG BY DEPARTMENT

Fiscal Year 2025

Claim Counts and Report Days



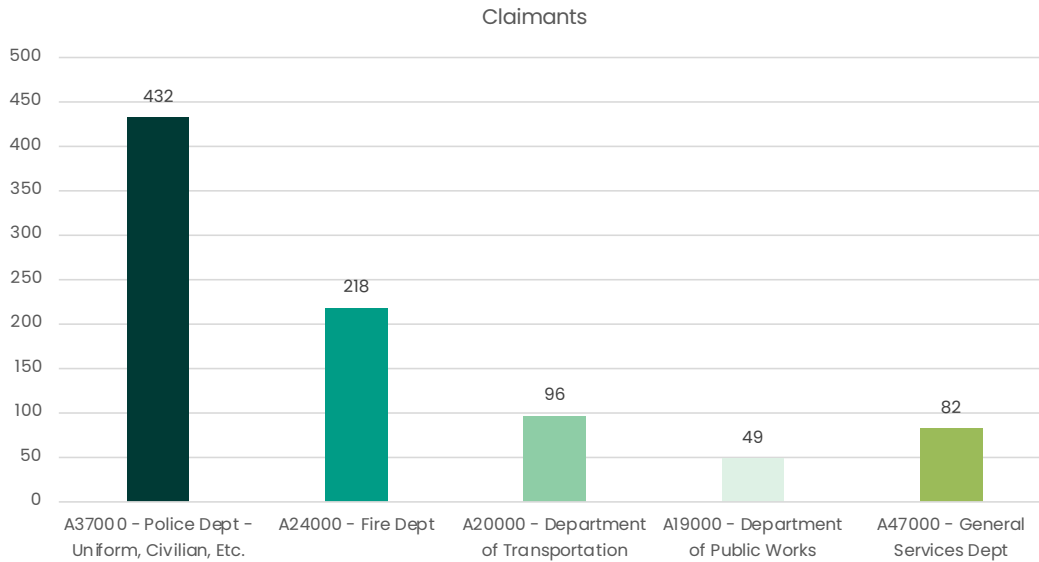
- Overall claim reporting has improved across the board. Fire Dept Average Lag Time is 4 days.
- Police Average Lag Time has improved over last year by 4 days to 12
- Dept of Transportation Average Lag Time is 5 days

TOP 5 LARGEST DEPARTMENTS

Department	Number of Claims	Avg. Loss/Rcv Lag (Days)	Avg. Incurred (\$)
A37000 - Detroit Police Dept	432	12.38	\$6,267.95
A24000 - Detroit Fire Dept	218	4.62	\$18,946.17
A20000 - Department of Transportation	96	5.07	\$25,892.83
A47000 - General Services Dept	82	6.8	\$4,403.99
A19000 - Department of Public Works	49	7.41	\$5,659.98

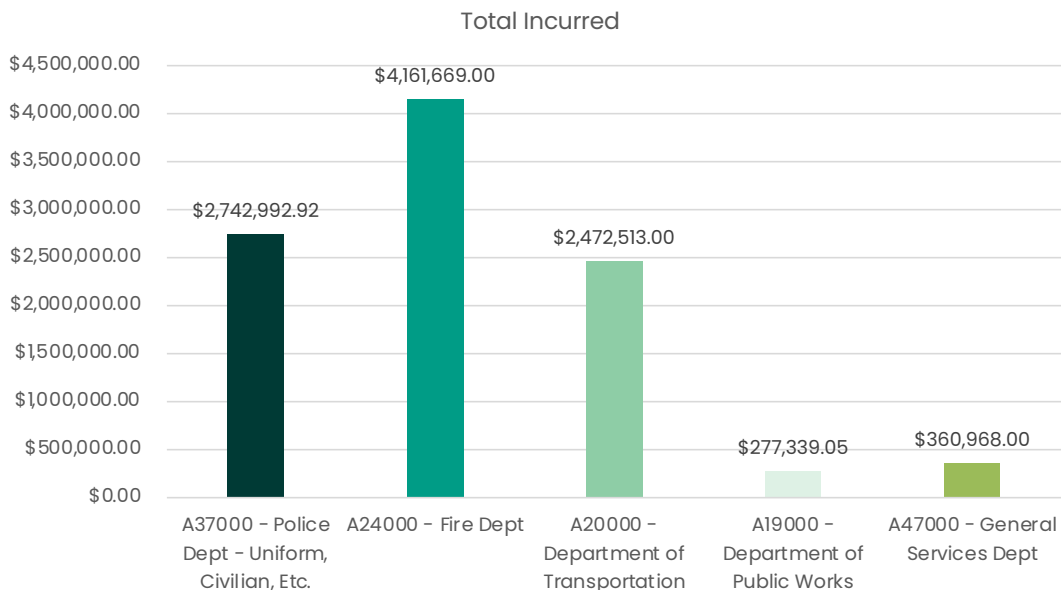
TOP 5 – INJURIES BY DEPARTMENT

Fiscal Year 2025



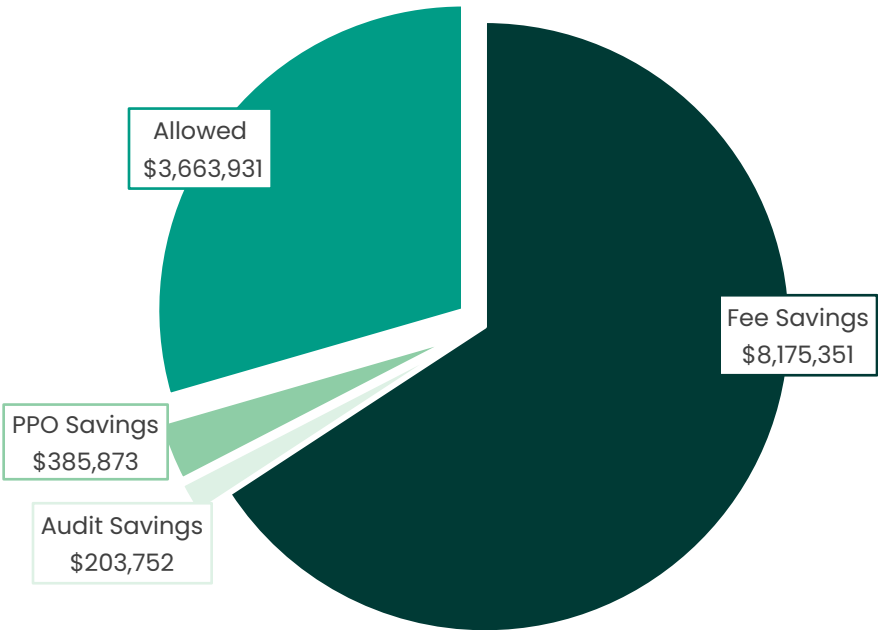
- **28%** of all reported claims are from **Police Department**.
- **Fire Department** had the most paid on claims in FY 2025 **41.6%** of all claim costs.
- The **Average Cost per claim** is highest for **Dept of Transportation \$25,755** per claim. **Ex- CAT is \$9,015.**

TOP 5 – TOTAL INCURRED BY DEPARTMENT



MEDICAL BILL REVIEW SAVINGS

Fiscal Year 2025



\$8,764,975
Total Savings
on \$12,428.906 Million
in Charges.

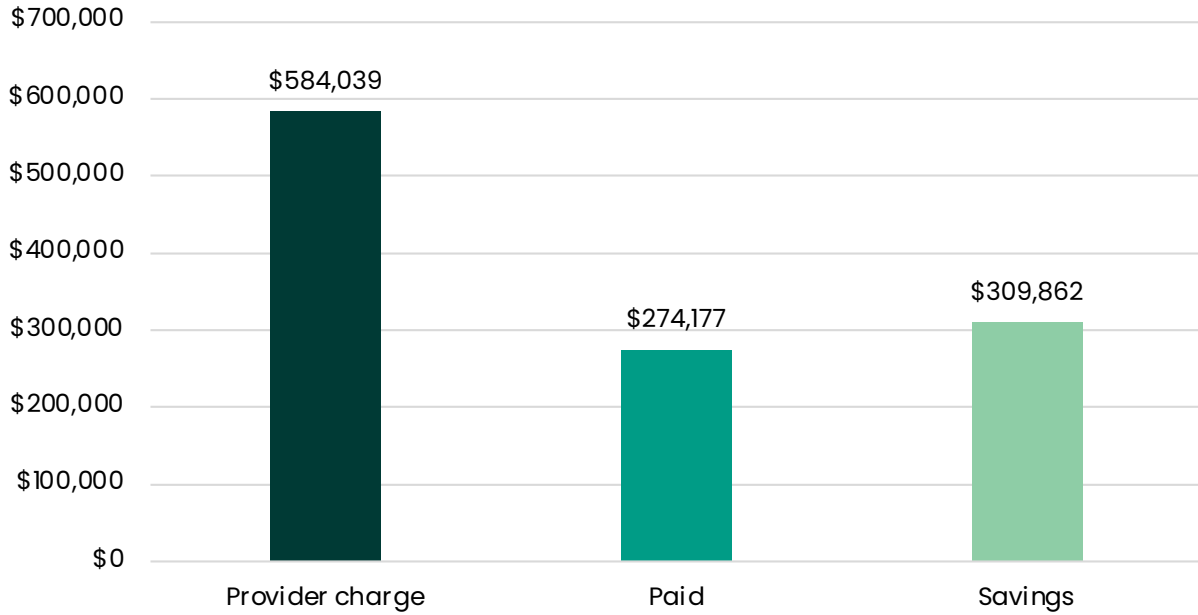
70.5% REDUCTIONS
on Medical Bill Charges
for Fiscal Year 2025.

\$411,443
in RX Savings

>>

(\$317K last year).
60% Savings against Charges

City of Detroit – Workers’ Compensation
PX and DME Summary for Fiscal Year 2025



	Count	Provider charge	RX Amount	Savings
Brand		\$241,229	\$182,848	\$58,381
Generic		\$342,810	\$91,329	\$251,481
Total		\$584,039	\$274,177	\$309,862

RECOMMENDATIONS AND/OR ACTION ITEMS

1. Optimize Workers' Compensation Utilization for Medical Coverage

The data indicates that some injury-related medical expenses for sworn personnel are being directed through the employee health plan rather than Workers' Compensation. This practice can result in higher overall costs to the City and missed opportunities for managed care savings.

Recommendation: Reinforce departmental procedures requiring that all work-related injuries and illnesses for Police personnel be routed through the Workers' Compensation program. This ensures proper application of fee schedules, network discounts, and claim oversight—yielding measurable cost savings and improved claim tracking for both short- and long-term trends.

2. Expand Access to Mental Health Specialists for Fit-for-Duty Evaluations

Increasing exposure to high-stress and traumatic incidents continues to affect both Police and Fire employees. Current Fit-for-Duty review capacity may not be sufficient to meet demand or reduce wait times for psychological evaluations.

Recommendation: Add an additional licensed mental health physician or psychologist to the Fit-for-Duty review panel. Expanding access will accelerate case resolution, reduce time away from work, and provide earlier intervention for behavioral-health-related claims. Collaboration between departmental wellness units and the Workers' Compensation administrator is encouraged to ensure consistent evaluation standards.

3. Maintain and Strengthen Light-Duty Programs

The continuation of modified-duty programs within the Police and Fire Departments remains a proven cost-containment and reintegration strategy. Keeping injured employees engaged in meaningful work maintains structure, supports recovery, and limits indemnity exposure.

Recommendation: Sustain active light-duty programs and formalize return-to-work protocols that define appropriate transitional assignments, duration limits, and monitoring processes. Regular review of participation rates and assignment types will help ensure that the programs continue to deliver both operational and financial value.

4. Legal Oversight and Case Duration Tracking

The introduction of the new Workers' Compensation Attorney has positive team feedback in engagement and early collaboration on litigated claims.

Recommendation:

- Continue proactive engagement with the City's Work Comp counsel to maintain early claim review and case strategy alignment.
- Metrics to track legal case duration from date of referral to resolution, enabling identification of delays, settlement trends, and potential areas for process improvement.



PREPARED BY:

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ADMINISTRATORS

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