

EXECUTIVE SUMMARY



City of Ann Arbor

► PRESENTED BY:



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EXECUTIVE SUMMARY



Hylant is pleased to present the 2019 Property and Casualty (P/C) insurance renewal results for the City of Ann Arbor. Renewal premiums essentially flat as they are up a quarter of a percentage point or \$2,466. This renewal proposal includes the following coverages:

- Property
- Public Entity Liability and Excess
- Pollution
- Liquor Liability
- Crime
- Fiduciary Liability
- Aviation
- General Liability and Property for the S. Forest Parking Structure

As discussed and agreed upon at our renewal strategy meeting on November 1st, we did not pursue comprehensive marketing for the 2019 renewal. The 2016 Casualty marketing strategy resulted in a carrier change from Argonaut to Allied World. Allied World created a program that included broad coverages similar to Argonaut, including dams, and also resulted in a significant premium savings to the City.

Outlined below is a high level summary of the 2019 renewal terms:

Property

This policy will expire in 2020 as was bound on a three year policy term with AIG in 2017.

Public Entity Liability and Excess

The renewal quote maintains a flat premium for the primary program, which is inclusive of the City's 2% budgeted revenue increase for 2019. Due to the agreement by AWAC to hold rates flat and not re-underwrite the dams, we did not market.

Coverage terms and program structure are per expiring, with the exception of the addition of a Cyber Liability exclusion endorsement. This coverage is not intended to be provided by the Public Entity Liability program as it is better insured under a separate Cyber coverage program.

We have requested quotes for additional excess liability limits, and will forward these upon receipt from the carriers.

Crime

We approached CNA and Travelers for indications. Both carriers declined. CNA was not able to quote and Travelers was not able to provide matching limits and coverages. Rates are flat with AIG year over year.

Fiduciary Liability

In 2018 the Fiduciary was moved back to Chubb following a significant increase in premiums after the first renewal. Chubb agreed to a guaranteed rate at this renewal therefore, we did not market.

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Aviation

The city's Aviation will remain with Old Republic in 2019. The industry is averaging 24% annual rate increases, the renewal rates are up 15% over last year due to losses that have affected the industry. Coverage terms are per expiring.

Liquor Liability

The renewal for the liquor liability is stable. Last year the carrier changed as the prior carrier no longer wrote liquor coverage. There is a slight increase in rate year over year due to an automatic increase in sales by the carrier.

General Liability/Excess Liability and Property - 650 S. Forest

Carriers, terms and conditions as per expiring. Pricing is flat.

Network Security & Privacy (Cyber Liability)

We approached Beazley, who has a competitive program and matched terms, however, the premium was higher than AIG's for comparable terms. The renewal with AIG is down 5% year over year.

Travel Accident Insurance

Travel Accident was added to the program in 2016. Pricing is flat and was not marketed.

Pollution

The Pollution is expiring this year after a 3 year policy term. The renewal was reviewed by our Pollution group who confirmed Chubb's program provides the best coverage form and competitive premium. Rates are down 10% for another 3 year term.

Thank you for the opportunity to provide these quotations on your behalf. We look forward to continuing to provide insurance and risk management service, needs and advice.

Sincerely,

JPaul Dixon, Christine Rue

MARKETING SUMMARY



The following insurance companies have an appetite for Public Entity business and were approached for the 2019 P/C Insurance Renewal.

Property

- AIG (incumbent): quoted

Casualty (Public Entity Liability and Excess)

- AWAC (incumbent): quoted

Liquor Liability

- Evanston: quoted

Crime

- AIG (incumbent): quoted
- Travelers – Could not compete with terms
- C.N.A. - Declined

Fiduciary

- Chubb - quoted

Aviation

- Old Republic (incumbent): quoted

General Liability and Excess/Property – Parking Structure

- Colony: quoted
- Starstone (incumbent)
- Great American: quoted

Cyber Liability

- AIG(incumbent): quoted
- Beazley quoted \$18,100

Pollution

- Chubb (incumbent): quoted

CITY OF ANN ARBOR - 2019 P/C INSURANCE RENEWAL

	Eff: March 1, 2018	Eff: March 1, 2019	Percentage
	Renewal	Renewal	Change
<u>Property</u>	AIG	AIG	
TIV - Including scheduled dams	\$586,168,039	\$586,168,039	0.00%
Retention	\$50,000	\$50,000	
Premium	\$305,050	\$305,050	0.00%
Rate/100	\$0.052	\$0.052	0.00%
<u>Public Entity - \$10m x \$500k SIR</u>	AWAC	AWAC	
Limit	\$10m x \$500k SIR	\$10m x \$500k SIR	
Rating Basis - City Budget	\$104,623,709	\$106,619,313	1.91%
Premium	\$330,274	\$329,997	-0.08%
MCCA Surcharge	\$54,230	\$54,230	0.00%
Total Premium	\$384,504	\$384,227	-0.07%
<u>Liquor Liability - Leslie Park Golf Course</u>	Essex	Essex	
Limit	\$1,000,000	\$1,000,000	0.00%
Premium - Including surplus lines tax and fees	\$1,251.03	\$1,332.93	6.55%
<u>Excess Liability - \$10m x \$10m</u>	AWAC	AWAC	
Limit	\$10,000,000	\$10,000,000	0.00%
Premium	\$99,950	\$105,225	5.28%
<u>Pollution Liability 2/19/2019 to 2/19/2022</u>	ACE	ACE	
Limit - Each condition/ aggregate limit	\$3,000,000/ \$6,000,000	\$3,000,000/ \$6,000,000	0.00%
SIR	\$50,000	\$50,000	0.00%
Claims Made Retro Date	2/19/2013	2/19/2013	
Premium - 3 year prepaid	\$37,877	\$33,752	-10.89%
<u>Crime</u>	AIG	AIG	
Limit	\$5,000,000	\$5,000,000	0.00%
Deductible	\$50,000	\$50,000	0.00%
Premium	\$11,506	\$11,504	-0.02%
<u>Fiduciary</u>	Chubb	Chubb	
Limit	\$10,000,000	\$10,000,000	0.00%
Deductible	\$10,000	\$10,000	
Premium	\$29,466	\$29,466	0.00%
<u>Aviation</u>	Old Republic	Old Republic	
Limit	\$25,000,000	\$25,000,000	0.00%
Premium	\$11,724	\$13,483	15.00%
<u>General Liability - Parking Structure</u>	Colony	Colony	
Limit	\$1,000,000	\$1,000,000	0.00%
Premium - Including surplus lines tax	\$10,487.30	\$10,488.30	0.01%
<u>Excess Liability - Parking Structure</u>	Torus/Starstone	Torus/Starstone	
Limit	\$10,000,000	\$10,000,000	
Premium - Including surplus lines tax	\$12,069.90	\$12,070.90	0.01%
<u>Cyber Liability</u>	AIG	AIG	
Limit	\$2,000,000	\$2,000,000	0.00%
Deductible	\$50,000	\$50,000	
Premium	\$18,777	\$17,700	-5.74%
<u>Travel Accident</u>	Chubb	Chubb	
Limit	\$100,000	\$100,000	0.00%
Premium	\$1,750.00	\$1,750.00	0.00%
<u>Garage Property</u>	Great American	Great American	
TIV	\$11,679,474	\$11,679,474	0.00%
Retention	\$5,000	\$5,000	0.00%
Premium	\$8,982	\$9,811	9.23%
Total Premium, Taxes and Fees	\$933,394	\$935,860	0.26%

TRIA has been excluded where possible (public entity liability, liquor liability, excess, pollution, aviation, parking structure - primary, travel accident)