



HYLANT

INSURANCE PROPOSAL

City of Ann Arbor

PRESENTED BY:

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MAY 25, 2023

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Premium Summary

	Renewal Date	Expiring 2022 / 2023	Renewal 2023 / 2024	Increase/Decrease
Michigan Excess Workers' Compensation				
	1-Jul	Midwest Employers	Midwest Employers	
Aggregate Limit		\$ 5,000,000	\$ 5,000,000	
Specific Retention		\$ 500,000	\$ 500,000	
Retention - Police and Fire		\$ 650,000	\$ 750,000	
Total Annual Payroll		\$ 65,915,234	\$ 69,361,994	5.2%
Premium		\$ 87,509	\$ 100,966	15%
Auto Physical Damage				
	1-Jul	Allianz	Allianz	
Deductible per vehicle, maximum \$75K each occ.		\$ 25,000	\$ 25,000	
Total values (purchase price)		\$ 22,797,405	\$ 22,947,405	0.7%
Rate per '100		\$ 0.43263	\$ 0.44220	2.2%
Premium		\$ 98,628	\$ 101,474	3%
Total		\$ 186,137	\$ 202,440	9%

Notes:

1. Expiring Excess Work Comp policy is 2-year term 7/1/2021 to 7/1/2023, annual premium shown
2. Renewal Excess Work Comp policy will be 2-year term 7/1/2023 to 7/1/2025, annual premium shown.
3. Expiring Auto Physical Damage premium includes mid-term vehicle changes and is shown as annual for comparison purposes.

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2023 Excess Workers' Compensation Summary

Midwest Employers' Casualty has been the excess workers' compensation carrier for the City of Ann Arbor since 2015. They have been an excellent partner for the City and have maintained a competitive program for these 8 years.

As we discussed at our renewal strategy meeting, we have sent submissions to the marketplace to confirm Midwest continues to be the most competitive program available. We sent submissions and received feedback from the following carriers:

- Midwest Employers – Provided Renewal Quote – requiring increased SIR for police and fire classified employees;
- Safety National – Provided an indication. Requiring a split SIR and cannot compete with Midwest pricing.
- Arch – Indication provided, but no aggregate coverage available. Requiring split SIR and cannot compete with Midwest pricing.
- US Specialty (State National) – Declined. They cannot write police/fire in Michigan.
- Bridge – Declined. They do not write police / fire.
- ACE/Chubb – Minimum premium \$200,000.
- Accident Fund and AIG no longer write excess WC coverage monoline.
- New York Marine & General – No longer writing excess work comp.

Midwest has provided a competitive renewal quote maintaining the \$500k SIR for classifications other than police and fire. For police and fire the SIR must be increased to a minimum of \$750,000 per accident. They are agreeable to renewing coverage for a 2-year term.

Thank you for the opportunity to provide these quotations for the City, and we look forward to discussing any questions you may have.

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Excess Workers' Compensation Program Summary

	Expiring		Renewal Quote		Indication -1	Indication - 2	Indication - 3
	July 1, 2021 -23	% Change	July 1, 2023 -24	% Change	July 1, 2023 -24	July 1, 2023 -24	July 1, 2023 -24
Carrier	Midwest Employers	2022 vs 2023	Midwest Employers		Arch Insurance Co.	Safety National	Safety National
AM Best Rating	A + XV		A + XV		A + XV	A ++ XV	A ++ XV
Program:	Specific & Aggregate 2-Yr Program		Specific & Aggregate 1-Year Program		Specific & Aggregate 1-Yr Program	Specific & Aggregate 1-Year Program	Specific & Aggregate 1-Year Program
Limits:							
Workers' Compensation	Statutory		Statutory		Statutory	Statutory	Statutory
Employers Liability	\$1,000,000		\$1,000,000		\$1,000,000	\$2,000,000	\$2,000,000
	Limit excess of SIR		Limit excess of SIR		Limit excess of SIR	Limit excess of SIR	Limit excess of SIR
Hylant Loss Forecast - Annual:	365,000	6.30%	388,000		388,000	388,000	388,000
Premium Basis: (annual payroll)	65,159,131	6.86%	69,631,994		69,631,994	69,631,994	69,631,994
Covered State	MI		MI		MI	MI	MI
Manual / Standard Premium - Policy Term:	1,897,850		779,004		TBD	627,171	627,171
Self Insured Retention:							
Specific Retention:	\$500k / \$650k		\$500k / \$750k		\$500k / \$750k	\$500k / \$750k	\$750k
Policy Term Agg Retention - Subject to Audit	\$3,327,500		\$1,975,476		TBD	\$1,868,970	\$1,912,872
Aggregate % of Manual Premium	175.3%	44.64%	253.6%			298.0%	305.0%
Aggregate Limit over Agg Retention	\$5,000,000		\$5,000,000		\$5,000,000	\$5,000,000	\$5,000,000
Premium							
Premium Rate per \$100 of Payroll:	\$0.13430	7.97%	\$0.1450		\$0.1795	\$0.21000	\$0.19000
Annual Deposit Premium - Subject to Audit	\$87,509	15.38%	\$100,966		\$125,000	\$146,227	\$132,301
Minimum Policy Premium	\$157,516		\$90,870		\$125,000	\$136,834	\$123,802
TRIA (Incl. in Deposit Premium)	Included		Included		Included	Included	Included
TOTAL ANNUAL PREMIUM + EST LOSSES:	\$452,509	8.06%	488,966		\$513,000	534,227	520,301
(Does note include TPA Fees)							

Note: Quotes are contingent upon the City continuing self-insured status/approval with the State of MI.
 Note: This is an overview only. Refer to policies/quotes for exact factors, terms and conditions.
 Note: Premium is due in full to carrier within 30 days of effective date.
 Note: Above premiums and fees do not include any taxes or fees to be billed directly by the State of MI.
 Note: Carrier quotes are contingent upon claims being managed by approved TPA. CmpOne is approved.
 Note: The Split SIR option includes the higher SIR for all police, EMT and fire classified employees.
 Note: Midwest has offered a 2-year policy option. Rate for year 2 remains flat at \$.145. Policy agg retention = \$3,555,842.



Excess Workers' Compensation Program – Coverage Specifics

NAMED INSURED: City of Ann Arbor
INSURANCE COMPANY: Midwest Employers Casualty Co.
POLICY TERM: 7/1/2023 to 7/1/2025

COVERAGE DESCRIPTION	LIMIT
Worker's Compensation	Statutory
Employers' Liability – Each Accident	\$1,000,000
Employers' Liability – Disease – Policy Limit	\$1,000,000
Employers' Liability – Disease – Each Employee	\$1,000,000
SELF-INSURED RETENTION:	
Each Accident SIR: All Other	\$500,000
Each Accident SIR: Police and Fire	\$750,000
Policy Aggregate Retention	\$3,555,842
Aggregate Limit over Retention	\$5,000,000

COVERAGE:

Workers' Compensation - applies to work related bodily injury by accident or bodily injury by disease, including death. Benefits are determined by the applicable state's workers' compensation law.

Employers Liability - pays amounts you legally must pay as damages, as permitted by law, because of bodily injury to your employees.

Exclusions include but are not limited to:

- Injury to leased/temporary workers
- Volunteers
- Liability assumed under a contract
- Punitive or exemplary damages because of bodily injury to an employee employed in violation of the law
- Bodily injury occurring outside the U.S., its territories and possessions, Canada
- Damages arising out of discharge or discrimination against any employee in violation of the law

COVERAGE TERMS INCLUDE BUT ARE NOT LIMITED TO:

- Premium is subject to audit
- Cancellation provision – 60 days

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2023 Automobile Physical Damage Summary

The Auto Physical Damage coverage was previously included in the City's Property Insurance with AIG until 3/1/2020. The property insurance markets were no longer willing to include the Auto Physical Damage coverage at that time and a standalone policy was placed with Allianz.

As discussed during our renewal strategy meeting in March, we anticipated a minor rate increase from Allianz, but did not have the underwriter's forecast yet. Allianz has provided renewal pricing with a 2.2% rate increase, well below current market conditions for auto insurance with typical rate increases between +5% to +12%.

We discussed approaching Chubb for an option to add coverage for the vehicles to the property insurance policy.

MARKETING SUMMARY

The following carriers were approached:

Allianz – quoted renewal.

Chubb – declined - after review and consideration of recent losses Chubb has experienced on high value vehicles along with the outside storage exposure, Chubb has decided they will no longer offer auto physical damage coverage within their property lines of business.

AWAC – unable to match coverage terms (deductible) and unable to compete with Allianz pricing

Hudson – unable to compete with Allianz pricing

Lloyds of London – unable to compete with Allianz pricing

NOTE FOR RENEWAL

There are 2 units on the schedule with no value / purchase price shown. We used the following values for renewal. Please review and advise if these values should be adjusted:

- Public Works – 1995 Haz Mat 24 ft. Trailer – asset # 1030. *Value \$25,000*
- Fire Department – 2006 Spartan VA42G-2142 – asset # 1072. *Value \$125,000*

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Automobile Physical Damage Insurance

NAMED INSURED: City of Ann Arbor

INSURANCE COMPANY: AGCS Marine Insurance Company (Allianz)

POLICY TERM: 7/1/2023 to 7/1/2024

COVERAGE DESCRIPTION	LIMIT
Vehicle Values	\$22,947,405
Additional Acquired Equipment (45 days)	\$250,000
Unscheduled Non-Owned Vehicles and Equipment	\$1,000,000
Deductible	\$25,000

CAUSE OF LOSS:

“All Risk” of direct physical loss of or damage caused by a Covered Cause of Loss to Covered Property

Exclusions include but are not limited to:

- Nuclear
- War and military action
- Fungi, wet rot and dry rot
- Virus, bacterium or other microorganism

COVERAGE TERMS INCLUDE BUT ARE NOT LIMITED TO:

- Unscheduled Non-Owned subject to \$500,000 limit any one item
- Deductible is capped at three per occurrence
- Temporary Transportation Rental Expense included up to \$10,000

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