



# HYLANT

## INSURANCE PROPOSAL

### City of Ann Arbor

**PRESENTED BY:**

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# Executive Summary

January 23, 2025

Hylant is pleased to present the 2025 Property and Casualty (P/C) insurance renewal results for the City of Ann Arbor. This renewal proposal includes the following coverages:

- Public Entity Liability and Excess
- Property
- Cyber Liability

As discussed at our renewal strategy meeting on October 3rd, rates continue to increase for most lines of coverage, although rates are not increasing as much as in the past 4 years. The current marketplace for casualty coverage for municipalities is very selective on new business with carriers adhering to very strict underwriting guidelines and information, specifically training programs for law enforcement. Many carriers have limited appetite for insuring the dams, for both property and casualty lines.

The Chubb property renewal is a rate increase of 5.84% at expiring deductibles on the city and garage programs. They also offered an option to increase the Wind/Hail deductible to \$250,000 and the water deductible to \$100,000 which will reduce the rate increase to 2.93%.

Hylant has obtained options for higher Cyber Risk insurance limits as reflected in the Cyber proposal.

We have received the renewal quote from Old Republic for the lead public entity liability layer and await quotations for the excess layers.

Given the challenges in the current insurance marketplace, the proposed insurers reserve the right to change the terms of proposed coverage until coverage is formally bound. Prior to binding, significant claim activity specific to the City of Ann Arbor or loss/risk development among municipalities in general could result in the insurers modification of cost/coverage.



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Outlined below is a high-level summary of the 2025 renewal terms:

## Public Entity Liability and Excess

Your public entity liability program was marketed in 2023, and your lead layer was moved to Old Republic. Old Republic had the most competitively priced program offering \$5m limit excess of a \$1m SIR. Last year, 2024, Old Republic continued their commitment to the City and offered various SIR options, including an aggregate retention option. The City did purchase the option to add an aggregate retention to the program for additional premium. For this year's renewal, 2025, Old Republic initially indicated a rate increase over 10% and we did market this layer to several other carriers. We have received positive feedback from one specific carrier and we are waiting for their formal quotation. Old Republic's renewal quote has been received and they are quoting a 13% rate increase which calculates to an overall premium increase of 19% with City exposure increases. They are also agreeable to offering a lower SIR option of \$750k per occurrence for your consideration. Please note that Old Republic is changing their coverage form this year. I have included an overview of their coverage changes for your reference.

Regarding the excess layers, you currently have \$5m x 5m with Gemini, and the \$10m x 10m layer with Allied World. We are waiting for renewal quotes from these carriers. We have marketed these layers to other carriers and are also waiting for optional quotes.

## Property

The City's property insurance was marketed in 2022 and the coverage was moved to Chubb. Chubb had the most competitive option, maintaining coverage on the dams and not applying a sublimit to wind claims. The per occurrence deductible was raised to \$100,000.

For the 2023 renewal, Chubb held overall rates to a 7% increase, in the lower end of typical rate increases between 5% and 15% last year. For 2024 the rate increase was under 6%, For the 2025 renewal a 5.84% rate was applied at expiring terms. They will reduce the rate increase to 2.93% if a higher water deductible is chosen.

## Network Security & Privacy (Cyber Liability)

The City's Cyber Risk insurance was marketed extensively in 2022 and 2023, with Cowbell providing the most competitive coverage terms and pricing. For the renewal this was marketed, and we were able to leverage alternate quotes to push for significant premium relief. Excess options were provided at \$2.5m and \$5m limits.

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.



# Executive Summary

Sincerely,

Kim Cassey  
Rob Nugent  
Nikole Moore  
JPaul Dixon



# Executive Summary

	Renewal Date	EXPIRING 2024 / 2025	RENEWAL 2025 / 2026	Increase (Decrease)	AW Best Rating
<b>Public Entity Liability - Primary x SIR</b>	<b>1-Mar</b>	<b>Old Republic</b>	<b>Old Republic</b>		<b>A++</b>
Limit		\$ 5,000,000	\$ 5,000,000		
Self-Insured Retention		\$ 1,000,000	\$ 1,000,000		
Self-Insured Retention Aggregate		\$ 1,500,000	\$ 1,500,000		
Aggregate Stop Limit		\$ 200,000	\$ 2,000,000		
<u>Exposure data</u>					
Fleet Power Unit Count		283	291	2.83%	
WC Payroll		\$ 69,361,994	\$ 74,401,545	7.27%	
Full Time Permanent Employee Count		\$ 829	\$ 849		
General Fund Revenue Budget		\$ 130,438,071	\$ 141,676,697	8.62%	
Operation Budget		\$ 564,946,738	\$ 564,804,279	-0.03%	
Premium		\$ 470,507	\$ 542,552	15.31%	
<b>Excess Liability - \$5M x \$5M x SIR</b>	<b>1-Mar</b>	<b>Gemini <sup>1</sup></b>	<b>Gemini <sup>1</sup></b>		<b>A+</b>
Limit		\$ 5,000,000	\$ 5,000,000		
Premium		\$ 239,594	\$ 307,295	28.26%	
<b>Excess Liability - \$10M x \$10M x SIR</b>	<b>1-Mar</b>	<b>AWAC <sup>1</sup></b>	<b>AWAC <sup>1</sup></b>		<b>A</b>
Limit		\$ 10,000,000	\$ 10,000,000		
Premium		\$ 297,250	\$ 381,300	28.28%	
<b>TOTAL PUBLIC ENTITY LIABILITY PREMIUM</b>		<b>\$ 1,007,351</b>	<b>\$ 1,231,147</b>	<b>22.22%</b>	
<b>Property</b>	<b>1-Mar</b>	<b>Chubb</b>	<b>Chubb</b>		<b>A++</b>
TIV - including scheduled dams		\$ 807,174,156	\$ 819,656,275	1.55%	
Policy limit		\$ 400,000,000	\$ 400,000,000	0.00%	
Deductible		\$ 100,000	\$ 100,000		
Deductible - dams		\$ 250,000	\$ 250,000		
Rate (per '00)		0.084	0.090	7.76%	
Premium		\$ 675,773	\$ 739,492	9.43%	
<b>Cyber Liability</b>	<b>1-Mar</b>	<b>Various <sup>1</sup></b>	<b>Various <sup>1</sup></b>		<b>A++</b>
Primary Limit (Cowbell - Palomar Excess & Surplus)		\$ 5,000,000	\$ 5,000,000		
Deductible		\$ 175,000	\$ 100,000		
Ransomware		\$ 5,000,000	\$ 5,000,000		
Excess Limit (Trium)- Lloyds London		N/A	\$ 5,000,000		
Total Policy Aggregate Limit		\$ 5,000,000	\$ 10,000,000	100.00%	
Premium		\$ 199,552	\$ 178,783	-10.41%	
<b>Total March Policies</b>		<b>\$ 1,882,676</b>	<b>\$ 2,149,422</b>	<b>14.17%</b>	

**Notes:**

1. State surplus lines taxes of 2.5% apply and are included in premiums for Excess Liability with Gemini, AWAC; Cyber Liability with Cowbell and Lloyds; Excess Liability for parking structure with Starstone
2. Commission included in Fiduciary Liability (\$4,816.50). This policy is covered by the Agency Fee the City pays to Hylant, the commission will be refunded.