



# HYLANT

## INSURANCE PROPOSAL

### **Local Development Finance Authority of the City of Ann Arbor and City of Ypsilanti**

**PRESENTED BY:**

**NANCY MELDRUM**  
SENIOR CLIENT SERVICE MANAGER

MARCH 21, 2023

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[hylant.com](http://hylant.com)



# Premium Summary

<b>POLICY</b>	<b>03/01/2022 - 2023 EXPIRING PREMIUM</b>	<b>03/01/2023 - 2024 PROPOSED PREMIUM</b>
Directors & Officers Liability	\$5,836	\$4,796

Hylant Disclaimer / Confidentiality Statement: "The information and concepts provided throughout this document are not intended to express any legal opinion as to the nature of coverage. They are intended to provide a basic understanding of coverages but do not alter any policy conditions. Always refer to your policy(s) for specific coverages, limitations, and restrictions. Any information and concepts outlined are solely for your internal evaluation. Hylant considers this information Confidential and Proprietary and no other use or distribution of these documents is permitted or authorized. All Hylant documents are subject to our record retention policy. Please refer to our website at [www.hylant.com](http://www.hylant.com) for a complete listing of all document types and retention periods for any documents stored within the Hylant organization. Regardless of your choice for premium payment terms, Hylant will not be responsible for the cancellation (and consequences thereof) of your insurance policy(s) due to late payment or non-payment of premium." 3/21/2023



## Discussion Items

1. Named Insured: Local Development Finance Authority of the City of Ann Arbor and City of Ypsilanti
2. Payment terms: Billed directly by Travelers
3. Carrier AM Best Rating: A++ XV
4. Major change in ownership or operations greater than 35% (was 50%): Run-off provisions- subject to additional pricing
5. Risk Management PLUS+ Outline ([www.rmplusonline.com](http://www.rmplusonline.com))
6. Coverage Extensions:
  - Crisis Management Coverage - \$25,000 sublimit
  - Side A – Personal Indemnification - \$1M
7. Listed below are some of the areas where you are uninsured or potentially underinsured:
  - Additional limits – consider limits sufficient to pay for defense of claims for all of the directors and officers, perhaps the company itself, with enough remaining to settle claims and satisfy judgments so that plaintiffs are not motivated to pursue individuals director’s and officer’s personal assets. Additional side A, individual indemnification is \$1M.
  - Activities outside of board duties
  - Shared additional defense limits (defense expenses erode the limits)

Claim reporting reminder - to preserve your rights under your insurance policies, all accidents and incidents should be documented and reported promptly. Claims made policy forms require reporting claims as soon as practicable after you become aware of the claim during the policy period; we also recommend you report circumstances you believe may lead to a claim. Please refer to your policy for specific reporting requirements.

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# Directors & Officers Liability

**NAMED INSURED:** Local Development Finance Authority of the City of Ann Arbor and City of Ypsilanti

**INSURANCE COMPANY:** Travelers Casualty & Surety of America

**POLICY TERM:** 3/1/2023 to 3/01/2024

COVERAGE DESCRIPTION	LIMIT
Each Claim	\$3,000,000
Aggregate	\$3,000,000
Supplemental Side A (individual D&O limit)	\$1,000,000
Retentions:	
Individual Directors and Officers	\$0
Corporate Reimbursement to the Individuals	\$10,000
Entity Coverage	\$10,000

**COVERAGE FORM:** Claims-made

## CONTINUITY, RETRO, PRIOR & PENDING LITIGATION DATES:

Retro Dates:  
 \$1M/\$1M Limits 8/23/2019  
 \$2M/\$2M Limits 8/23/2020  
 \$3M/\$3M Limits 3/1/2022

**COVERAGE:** Pays amounts you are legally required to pay arising from allegations of wrongful acts in the management of the company except those specifically **excluded** from coverage as per policy form.

**Exclusions** include but are not limited to:

- Professional Services
- Real Estate Services
- Scheduled entity: Ann Arbor SPARK
- Lender Liability

## COVERAGE TERMS INCLUDE BUT ARE NOT LIMITED TO:

- The Policy provides a Duty to Defend
- Defense coverage is provided inside the Policy Limits
- Extended Reporting Period: 12 months 75% additional premium

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# Directors & Officers Liability

- No short-rate cancellation
- Definition of Insured Person includes Advisory Board Members
- Settlement Clause: 30%/ 70%

## LIST OF MAJOR ENDORSEMENTS:

### ENDORSEMENTS APPLICABLE TO QUOTE:

ACF-7006-0511 Removal of Short-Rate Cancellation Endorsement  
AFE-19029-0719 Cap On Losses From Certified Acts Of Terrorism Endorsement  
AFE-19030-0920 Federal Terrorism Risk Insurance Act Disclosure Endorsement  
LIA-19002-1111 Advancement of the Retention Endorsement  
LIA-19030-0712 Non-Rescindability and Non-Imputation Endorsement  
LIA-19083-0114 Lender Liability Exclusion Endorsement  
LIA-19097-0315 Global Coverage Compliance Endorsement  
LIA-19137-0517 Automatic Coverage for All Formed Subsidiaries and Acquired Subsidiaries with Assets not Exceeding 35% Endorsement  
LIA-19155-0520 Amend Change Of Control And Number Of Days For Electing Extended Reporting Period Endorsement  
LIA-3001-0109 Liability Coverage Terms and Conditions  
LIA-4012-0109 Michigan Changes Endorsement  
LIA-5022-1107 Michigan Cancellation and Nonrenewal Endorsement  
LIA-7021-0109 Scheduled Broad Professional Services Exclusion Endorsement  
LIA-7033-0109 Exclude Scheduled Entities or Natural Persons Endorsement  
LIA-7068-0109 Addition of Financial Services Professional Services Exclusion Endorsement  
LIA-7105-0109 Addition of Governmental Funds Endorsement  
LIA-7115-0911 Amend Definition of Subsidiary Endorsement  
LIA-7116-0109 Amend Insured's Duties In Event of a Claim Condition Endorsement -- Replace Executive Officer Designation  
LIA-7132-0109 Real Estate Services Exclusions Endorsement  
LIA-7305-0112 Increased Limit of Liability - Prior and Pending Proceeding and Continuity Dates Endorsement  
LIA-7347-DOL-0110 Defense Expenses in Addition to the Limit Endorsement  
NDO-19001-0512 Amend Definition of Outside Entity Endorsement  
NDO-19005-0216 Extradition Coverage Endorsement  
NDO-19006-1112 Bankruptcy And Whistleblower Carvebacks Endorsement  
NDO-19009-0713 Amend Section III. Exclusions B. 1. Final Non-Appealable in Any Proceeding Other Than A Proceeding Initiated By The Company  
NDO-19016-0517 Amend Definition of Insured Person to Include Advisory Board Members Endorsement  
NDO-19030-0122 Data And Privacy Exclusion With Side A Carveback Endorsement  
NDO-7002-0109 Amend Contract Exclusion Endorsement  
NDO-7017-0720 Crisis Event Management Coverage Endorsement  
NDO-7018-0109 Delete Coverage for Employment Related Wrongful Acts Endorsement  
NDO-7019-0109 Supplemental Personal Indemnification Coverage Endorsement

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# Carrier Overview

The Best Guide is the guidebook the insurance industry uses to determine the financial stability of an insurance company.

A copy of the Best Guide's report on the insurance companies quoted is available for your review.

While we strive to be certain that your insurance is placed with reputable, highly rated insurance companies, we have no way of guaranteeing the financial accuracy of the Best's Guide or the financial stability of any insurance company.

For these reasons, we recommend that you take into account the financial stability of all the insurance companies prior to making your selection as to who will write your insurance.

COMPANY PROPOSED	BEST'S ASSIGNED RATING	ADMITTED CARRIER	SURPLUS LINES CARRIER

ALPHABETICAL LISTING	NUMERICAL LISTING
A+, A++ Superior	Ranges from 1 to 15
A, A- = Excellent	1 = Smallest Category
B+, B++ = Very Good	15 = Largest Category
B, B- = Good	
C+, C++ = Fair	
C = Marginal	

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