

An abstract graphic in the top right corner featuring overlapping teal and green circles, some with white dots, and a white brushstroke-like line.

# INSURANCE PROPOSAL

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

**PRESENTED BY HYLANT**

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## PREMIUM SUMMARY/DISCUSSION ITEMS

POLICY	2024/25 EXPIRING PREMIUM	2025/26 PROPOSED PREMIUM
Directors & Officers Liability	\$4,232.00	\$4,094.00

1. Named Insured: Local Development Finance Authority of the City of Ann Arbor and City of Ypsilanti
2. Payment terms: Billed directly by Travelers, in full. (Expiring policy was a 13-month policy)
3. Carrier AM Best Rating: A++ XV
4. Subjectivity for binding: None
5. Major change in ownership or operations greater than 35%: Run-off provisions- subject to additional pricing.
6. Risk Management PLUS+ Outline ([www.rmplusonline.com](http://www.rmplusonline.com))
7. Claims-made coverage – In the event coverage is cancelled or non-renewed an extended reporting provision would need to be purchased to cover claims unknown during the policy period and reported after coverage ceases.
8. Coverage Extensions:
  - Crisis Management Coverage - \$25,000 sublimit
  - Side A – Personal Indemnification - \$1M (shared limit)
9. Listed below are some of the areas where you are uninsured or potentially underinsured:
  - Limits – consider limits sufficient to pay for defense of claims for all; directors and officers, perhaps the company itself, with enough remaining to settle claims and satisfy judgments so plaintiffs are not motivated to pursue individual director's and officer's personal assets. Additional side A, individual indemnification is \$1M.
    - In the event additional limits are considered, Travelers is only willing to offer the \$3M limit based on the asset size of the entity. An excess D&O policy would need to be arranged.
  - Activities outside of board duties
  - Shared additional defense limits (defense expenses erode the limits)
10. 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.

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.



## DIRECTORS & OFFICERS LIABILITY INSURANCE

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

**INSURANCE COMPANY:** Travelers Cas & Surety of Amer

**POLICY TERM:** 4/1/2025 to 4/1/2026

DIRECTORS' & OFFICERS COVERAGE DESCRIPTION	LIMIT	RETENTION
Maximum Limit of Liability	\$3,000,000	
Insuring Agreement A – Individual, indemnified		-0-
Insuring Agreement B – Unindemnified		\$10,000
Insuring Agreement C - Entity		\$10,000
<b>SUPPLEMENTAL PERSONAL INDEMNIFICATION</b>		
Crucial Event Management Liability Sublimit	\$1,000,000	-0-
Crisis Event Management	\$25,000	-0-

**COVERAGE FORM:** Claims-made

**COVERAGES:** 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.

Pending or Prior Litigation Date/Continuity Date:

- **\$1M/\$1M LIMITS 8/23/2019**
- **\$2M/\$2M LIMITS 8/23/2020**
- **\$3M/\$3M LIMITS 3/1/2022**

### COVERAGE TERMS INCLUDE BUT ARE NOT LIMITED TO:

- Extended Reporting Period: 12 months 75% additional premium
- Claim Defense: Duty to Defend
- Defense costs are outside the limit
- Short-rate penalty removed, pro-rata cancellation provision applies
- Settlement: In the event the carrier recommends an offer of settlement and you refuse, you are now responsible for 100% of going forward expenses and 30% additional loss settlement amounts.

### EXCLUSIONS INCLUDE BUT NOT LIMITED TO:

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

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## CARRIER OVERVIEW

Hylant has a minimum requirement for the insurers with work with to place coverage for our clients. The requirements include an A.M. Best Rating of A- or better and a surplus of \$50 million or more.

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 consider the financial stability of all the insurance companies prior to making your selection as to who will write your insurance.

**NOTE:** "Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Best's Credit Reports visit the AM Best website at [ambest.com](http://ambest.com). The ratings below are as of February 17, 2025. A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance, and business profile.

INSURER	BEST'S ASSIGNED RATING	FINANCIAL SIZE CATEGORY	ADMITTED CARRIER	SURPLUS LINES CARRIER
Company 1				
Company 2				

FINANCIAL STRENGTH RATING	
A+, A++ Superior	B, B- = Fair
A, A- = Excellent	C+, C++ = Marginal
B+, B++ = Very Good	C-, C = Weak

FINANCIAL SIZE CATEGORY			
CLASS	POLICY HOLDER SURPLUS (\$MIL)	CLASS	POLICY HOLDER SURPLUS (\$MIL)
I	Less than 1	IX	250 to 500
II	1 to 2	X	500 to 750
III	2 to 5	XI	750 to 1,000
IV	5 to 10	XII	1,000 to 1,250
V	10 to 25	XIII	1,250 to 1,500
VI	25 to 50	XIV	1,500 to 2,000
VII	50 to 100	XV	2,000 or greater
VIII	100 to 250		

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