



2019 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 not requested a rate increase as your carrier for the past 4 years. Midwest continues to be a premier carrier in this marketplace:

1. Midwest Employers continues to be a dominant "player" in the excess workers' compensation marketplace. They have a 10% market share on the national level and are one of the leading WC markets in the state of Michigan.
2. They are a financially strong company, as evidenced by their "A+" (Superior) rating by A.M. Best and have experience and longevity in the Excess WC market.
3. Midwest Employers offers a broad coverage form, as well as aggregate stop loss coverage, and multi-year policy terms.
4. Midwest is investing in high level data analytics, XCEL Analytics, to assist their customers in identifying high-risk claims early and create better outcomes for the insured and the injured worker.

Since we are now coming off our second 2-year program with Midwest, 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 per expiring \$500k SIR for all classifications;
- Safety National – Declined as they could not compete with target pricing at \$500k SIR;
- New York Marine & General – No longer writing excess work comp;
- US Specialty (State National) – Declined – they cannot write police/fire in Michigan;
- Bridge (Benchmark) – Declined – they do not write police / fire.
- ACE – Minimum premium \$200,000;
- Arch – Minimum premium \$100,000 and minimum Police/Fire SIR of \$750k, and no aggregate coverage provided;
- Accident Fund and AIG no longer write excess WC coverage.

Midwest has provided a competitive renewal quote maintaining the \$500k SIR, rate, and coverage terms and conditions per expiring. They are agreeable to renewing at this rate for a 2-year term.

Midwest has also offered an option to increase the SIR to \$550k, but the minimal cost savings does not justify the increase at this time.

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

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Excess Workers' Compensation Program Summary

City of Ann Arbor

Excess Workers' Compensation & Employers Liability

Renewal Quote Options Eff: July 1, 2019

As of 5/16/2019

Carrier	July 1, 2015 -17	Expiring	Renewal Quote	Renewal Quote Option
	Midwest Empl	July 1, 2017 -19 Midwest Empl	July 1, 2019 -21 Option I: Midwest Empl	July 1, 2019 -20 Option II: Midwest Empl
AM Best Rating	A + XV	A + XV	A + XV	A + XV
Program:	Specific & Aggregate 2-Year Program	Specific & Aggregate 2-Yr Program	Specific & Aggregate 2-Yr Program	Specific & Aggregate 2-Year Program
Limits:				
Workers' Compensation	Statutory	Statutory	Statutory	Statutory
Employers Liability	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
	Limit excess of SIR	Limit excess of SIR	Limit excess of SIR	Limit excess of SIR
Hylant Loss Forecast - Annual:	373,000	301,206	283,200 -5.98%	283,200
Premium Basis: (annual payroll)	55,230,077	57,924,151	62,761,128 8.35%	62,761,128
Covered State	MI	MI	MI	MI
Manual / Standard Premium - Annual:	1,238,544	1,185,196	1,043,136 -11.99%	1,043,136
Self Insured Retention:				
Specific Retention:	\$500,000	\$500,000	\$500,000 0.00%	\$550,000
Annual Aggregate Retention - Subject to Audit	N/A	N/A	\$1,780,529	\$1,830,495
2-Year Policy Agg Retention - Subject to Audit	\$2,857,569	\$2,734,484	\$3,204,931	\$3,295,058
Aggregate % of Manual Premium	115.4%	115.4%	153.6% 33.17%	157.9%
Aggregate Rate per \$100 of Payroll	n/a	n/a	n/a	n/a
Aggregate Limit over Agg Retention	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Premium				
Premium Rate per \$100 of Payroll:	\$0.11810	\$0.11910	\$0.11910 0.00%	\$0.10730
Annual Deposit Premium - Subject to Audit	\$65,227	\$68,988	\$74,749 8.35%	\$67,343
2- Year Policy Premium - Subject to Audit	\$130,454	\$137,976	\$149,498 8.35%	\$134,686
Minimum Policy Premium	\$117,408	\$124,178	\$134,547	\$121,217
TRIA (Incl. in Deposit Premium)	Included	Included	Included	Included
TOTAL ANNUAL PREMIUM + EST LOSSES:	\$438,227	\$370,194	\$357,949 -3.31%	\$350,543
(Prem, TPA Fees, Losses):				

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.

Note: Declinations were received from Arch, US Specialty and Safety National.

Note: Above premiums and fees do not include any taxes or fees to be billed directly by the State of MI.

Note: Midwest's quote is subject to a signed application and coverages are per expiring.