



HYLANT

INSURANCE PROPOSAL

City of Ann Arbor

PRESENTED BY:

JPAUL DIXON
CLIENT EXECUTIVE

KIMBERLY CASSEY
CLIENT SERVICE EXECUTIVE

LISA L. JOHNSON
SENIOR CLIENT SERVICE MANAGER

DEBORAH NEFF
SENIOR CLIENT SERVICE SPECIALIST

MAY 19, 2021

Office – 24 Frank Lloyd Wright Dr, Ste J4100 | Ann Arbor, MI 48106
P (734) 741-0044 F (734) 741-1850

hylant.com



Premium Summary

	Renewal Date	Expiring 2020 / 2021	Renewal 2021 / 2022	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		\$ 500,000	\$ 650,000	
Total Annual Payroll		\$ 62,761,128	\$ 65,159,131	3.8%
Premium		\$ 74,749	\$ 87,509	17.1%
Third Party Administrator	1-Jul	Comp One	Comp One	
Estimated # of claims		65	74	13.8%
Estimated bill review fee		\$ 7,133	\$ 7,370	
Estimated annual service fee		\$ 21,780	\$ 25,185	
Total Fees to be billed		\$ 28,913	\$ 32,555	12.6%
Auto Physical Damage	1-Jul	Allianz	Allianz	
Deductible per vehicle, maximum \$75K each occ.		\$ 25,000	\$ 25,000	
Total values (purchase price)		\$ 27,915,706	\$ 27,017,765	-3.2%
Rate per '100		\$ 0.38119	\$ 0.42126	10.5%
Premium		\$ 106,412	\$ 113,815	7.0%
Total		\$ 210,074	\$ 233,879	11%

Notes:

1. Expiring Excess Work Comp policy is 2-year term, annual premium shown
2. Renewal Excess Work Comp policy is 2-year term, annual premium shown
3. Expiring TPA contract was 2 year term, 7/1/2019 to 7/1/2021, annual costs shown
4. Renewal TPA contract is offered for 3 year term, 7/1/2021 to 7/1/2024, annual costs shown

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 for a complete listing of all document types and retention periods for any documents stored within the Hylant organization." 5/26/2021



2021 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 flat premium rate for the past 6 years.

Since we are now coming off our third 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 – requiring increased SIR for police and fire classified employees;
- Safety National – Provided an indication. Requiring a split SIR.
- Arch – Quote provided, but no aggregate coverage available and requiring split SIR.
- 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 \$650,000 per accident. The only coverage change is the removal of the Communicable Disease SIR endorsement. They are agreeable to renewing coverage for a 2-year term, however they are quoting a higher rate for the 2-year option. Midwest has also offered an option to increase the SIR for police and fire to \$700k as well as \$750k, 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.

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 for a complete listing of all document types and retention periods for any documents stored within the Hylant organization." 5/26/2021



Excess Workers' Compensation Program – Coverage Specifics

NAMED INSURED: City of Ann Arbor
INSURANCE COMPANY: Midwest Employers Casualty Co
POLICY TERM: 7/1/2021 to 7/1/2022

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	\$650,000
Aggregate Retention	See Quote Options
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

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 for a complete listing of all document types and retention periods for any documents stored within the Hylant organization." 5/26/2021



Third Party Administrator (TPA) –Comp One

CompOne Administrators
An FDI Group Company
39500 High Pointe Boulevard
Suite 400
Novi, Michigan 48375

Contract Term

The expiring two-year contract period was from 07/01/2019 to 07/01/2021. Comp One is offering a 3 year contract for the period of 07/01/2021 to 07/01/2024.

Service Fee (per claim pricing model)

The service fee is based on a per claim of:

- 11 Indemnity Claims at \$900 per claim
- 2 Advanced Medical Claims @ \$400 per claim
- 60 Medical Only Claims @ \$155 per claim
- 1 Record Only Claims @ \$35 per claim
- Administration fee @ \$5,150 per year

Estimated Annual Service Fee = \$25,185

Minimum Annual Service Fee = \$23,926

This rate is guaranteed for 3 years.

Annual Audits

The annual service fee can be billed in monthly, quarterly or annual installments. There will be an annual audit performed at the end of each contract year to determine actual annual total claim counts.

Price includes:

- Claims management
- Account Executive Services
- Claim System Access
- Claim Activity Reports



2021 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 rate increase from Allianz, but did not have the underwriter's forecast yet. We agreed to approach other carriers as part of the renewal process.

MARKETING SUMMARY

The following carriers were approached:

Allianz – quoted renewal with 10% rate increase. This rate increase is program wide. Each account received this increase, with adjustments made for individual members loss history. The City has not had any claims against this program, and therefore did not have a higher increase. Loss free credit is available after 3 consecutive years with no claims.

Intact (Formerly One Beacon) – Declined, no longer writing stand-alone Auto Physical Damage.

Liberty – Did not provide quote, advised they could not compete with the expiring structure (deductible capped at \$75,000 per occurrence) or cost

Hudson – Did not provide quote, advised they could not compete with the expiring structure (deductible capped at \$75,000 per occurrence) or cost

Travelers – Would need to write supporting lines of coverage to consider the Auto Physical Damage, Indicated pricing would be well over \$200,000.



2021 Automobile Physical Damage Summary

NAMED INSURED: City of Ann Arbor

INSURANCE COMPANY: AGCS Marine Insurance Company (Allianz)

POLICY TERM: 7/1/2021 to 7/1/2022

COVERAGE DESCRIPTION	LIMIT
Vehicle Values	\$27,017,765
Additional Acquired Equipment (45 days)	\$250,000
Unscheduled Non-Owned Vehicles and Equipment	\$1,000,000
Employers' Liability – Disease – Each Employee	\$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