Dempkowski, Angela (Treasury)

From:	Workman, Wayne (TREASURY)
Sent:	Tuesday, January 05, 2016 10:54 AM
To:	Storberg, Ann Marie (TREASURY)
Cc:	Connors, Paul (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Subject:	Re: Professional Liability claim

We can check but I bet Flint paid

Sent from my iPhone

On Jan 5, 2016, at 10:32 AM, Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov> wrote:

> Wayne,
>
> Who has paid the insurance premiums for Darnell when he was EM for Flint? Did all of the EM's have professional liability coverage? Paul and I were not sure if the premiums were paid by Treasury or by the municipality.
>
> Thanks.
> Ann
>
> **From:** Connors, Paul (Treasury)
> **Sent:** Tuesday, January 05, 2016 10:23 AM
> **To:** Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
> **Subject:** Fwd: Professional Liability claim
>
> Sent from my iPhone
>
> Begin forwarded message:
>
>> **From:** "Steven Smith" <Steven.Smith@Meadowbrook.com>
>> **To:** "douglas.gniewek@detroitk12.org" <douglas.gniewek@detroitk12.org>, "darnell.earley@detroitk12.org" <darnell.earley@detroitk12.org>
>> **Cc:** "John Clark" <jclark@gmhlaw.com>, "Dave N Sheeran" <Dave.Sheeran@Meadowbrook.com>, "Cathy Weil" <Cathy.Weil@Meadowbrook.com>, "Connors, Paul (Treasury)" <ConnorsP@michigan.gov>
>> **Subject: FW: Professional Liability claim**
>>
>> Hi All;
>>
>> We are still working towards procuring coverage on a go forward basis for professional liability. In the meantime we do need to take advantage of the extended reporting period (ERP) on the expiring policy. If you want to elect the ERP, which gives you an additional 12 months to report any incident that occurred during the policy period that expired on 12-18-2015 we need to act quickly. Attached is an invoice for that coverage.

Please let us know if you wish to take advantage

Thanks
Steve

From: Steven Smith
Sent: Friday, December 18, 2015 3:30 PM
To: 'Darnell Earley'
Cc: John Clark; Dave N Sheeran; Cathy Weil; 'ConnorsP@michigan.gov'
Subject: RE: Professional Liability claim

Darnell;

Attached is the policy that was requested. With respects to the renewal here is where we stand.

The current carrier ACE has non-renewed the first layer of coverage (initial $1M) and the market is turning with respects to covering any prior acts before the renewal. The excess carrier Ironshore is also unwilling to renew the second layer ($2M). Both have stated the Flint water situation is making them uncomfortable to continue offering coverage at any price. (You will have the option to purchase extended reporting which I will describe later in a paragraph below)

With the City of Flint making National headlines the marketplace is tightening up and unwilling to offer coverage with any prior acts. This means we cannot purchase a policy at this point that will cover any potential claim (act) that will provide coverage prior to 12/18/2015. We are searching the marketplace for a carrier that will consider writing a new policy going forward only. That will be the most cost effective way to go, albeit you will have potential exposure for a prior act. But remember it is our understanding that PA 436 (attached) affords protection for you if you are unable to procure a policy.

Our marketing was also delayed in this endeavor as during these efforts it came to our attention the current DPS broker, who we believe is AON, was searching for coverage thus blocking certain markets for us to approach. That further delays the process when two brokers are going to the same carriers. We do not know what the outcomes from that research yielded but it is preventing us from accessing those declinations or proposals. On top of this we do not know the parameters discussed with the carriers by the AON? Were they looking for prior acts or a policy just going forward? This could make a significant difference in what carriers will think or be willing to offer.

We would respectfully ask you to consider one broker to obtain the coverage for you as the insurance industry becomes muddled and slow with more than one broker going to the same carrier(s). Only one broker is going to get a proposal or declination and the other will have to ask for a release from you to obtain access to the carrier(s). We are comfortable with any decision you make as the ultimate goal is to get coverage for you.

With respects to the expiring policies they do provide for an extended reporting period of 12 months from the expiration date of 12/18/2015. The cost for the extended period is $1,118 for the first layer ($1 M) and $4,100 for the second layer ($2M). We would advise taking advantage of this option as it will give you another 12 months to present claims incurred prior to 12/18/2015, which would include time spent in Flint and