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

DPS. We have 30 days to decide whether to accept the offer for the extension. Just let us know.

We know this is last minute, but the delay in getting the renewal information, the complexity of the Flint issue and the current DPS broker blocking the markets hindered our ability to have quotes presented on a timely basis. Please let us know how you would like us to proceed as we are blocked at our other markets.

Regards,

Steve

From: Darnell Earley [mailto:darnell.earley@detroitk12.org]
Sent: Friday, December 18, 2015 10:13 AM
To: Steven Smith
Cc: John Clark; Dave N Sheeran
Subject: Re: Professional Liability claim

Thanks for the information Steve. I had asked for an electronic copy of the policy and current status given the recent email traffic regarding not only this issue but the renewal status as well. I continue to await that information. Thank you for your assistance with those matters as expeditiously as possible.

Darnell

Sent from my iPhone

On Dec 18, 2015, at 9:53 AM, Steven Smith <Steven.Smith@Meadowbrook.com> wrote:

> Dear Darnell;
>
> We have reviewed the policy for Professional Liability and the denial on the claim for Melisa Mays et al. The suit involved a number of families who are alleging that due to the toxic nature of the City of Flint water system they have suffered bodily injuries (i.e. high levels of copper and lead causing among other things, neurological and autoimmune disorders). Professional Liability policies are written to protect the insured from decisions that cause financial harm and not bodily injury or pollution arising from the decision. Bodily injury and pollution coverage are generally afforded under separate General Liability policies and/or a Pollution Liability policy.
>
> The coverage under your professional policy has specific exclusions for decisions that cause alleged bodily injury or pollution. There is no alleged monetary loss due to the decision of converting the water system (increased monetary costs to the plaintiff's by switching the systems) from Detroit to Flint only that families have suffered alleged bodily injury or property damage due to pollutants in the system. We have calls into the City of Flint notifying them that they need to have their General Liability or Pollution policies respond to the allegations.